



Certified Public Accountants, A.C.

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY
REGULAR AUDIT
FOR THE FISCAL YEARS ENDED JUNE 30, 2020-2019**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Judicial Advisory and Facility Governing Board
Lucas County Correctional Treatment Facility
1100 Jefferson Avenue
Toledo, Ohio 43604

We have reviewed the *Independent Auditor's Report* of the Lucas County Correctional Treatment Facility, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2018 through June 30, 2020. 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 Lucas County Correctional Treatment Facility is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2021

This page intentionally left blank.

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) For the Year Ended June 30, 2020	3
Notes to the Financial Statements For the Year Ended June 30, 2020	4
Combined Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) For the Year Ended June 30, 2019	8
Notes to the Financial Statements For the Year Ended June 30, 2019	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Audit Findings	15

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

January 12, 2021

Judicial Advisory and Facility Governing Board
Lucas County Correctional Treatment Facility
Lucas County
1100 Jefferson Avenue
Toledo, Ohio 43604

To the Members of the Judicial Advisory and Facility Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Lucas County Correctional Treatment Facility**, Lucas County, Ohio (the Facility) as of and for the years ended June 30, 2020 and 2019.

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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An Independently owned member
RSM US Alliance



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 permits. 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, 2020 and 2019, and the 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 by fund type, and related notes of Lucas County Correctional Treatment Facility, Lucas County as of June 30, 2020 and 2019, and for the years then ended in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	State Appropriations and Grants	Offender Funds		Total
	ODRC 501-501	Offender Personal	Resident Program	
Cash Receipts				
Intergovernmental	\$ 4,554,133	\$ -	\$ -	\$ 4,554,133
Receipts for Offenders	-	341,287	-	341,287
Collections from Offenders	-	-	19,416	19,416
Commissions	-	-	186,657	186,657
Other	-	-	53,532	53,532
<i>Total Cash Receipts</i>	<u>4,554,133</u>	<u>341,287</u>	<u>259,605</u>	<u>5,155,025</u>
Cash Disbursements				
Personnel	3,754,329	-	-	3,754,329
Operating Costs	379,444	210,146	915	590,505
Program Costs	131,991	-	211,011	343,002
Equipment	2,157	-	3,315	5,472
Offender Disbursements:				
Offender Legal Obligations/Recreation	-	-	2,000	2,000
Offender Miscellaneous	-	11,421	-	11,421
Offender Reimbursements/Release of Funds	-	1,289	-	1,289
Offender Payments to RPF Fund	-	60,126	-	60,126
Offender Savings Paid at Exit	-	48,158	-	48,158
<i>Total Cash Disbursements</i>	<u>4,267,921</u>	<u>331,140</u>	<u>217,241</u>	<u>4,816,302</u>
Disbursements from Prior FY	<u>125,892</u>	<u>-</u>	<u>-</u>	<u>125,892</u>
<i>Total Receipts Over (Under) Disbursements</i>	<u>160,320</u>	<u>10,147</u>	<u>42,364</u>	<u>212,831</u>
<i>Fund Cash Balances, July 1, 2019</i>	<u>464,370</u>	<u>37,071</u>	<u>35,306</u>	<u>536,747</u>
<i>Fund Cash Balances, June 30, 2020</i>	<u>\$ 624,690</u>	<u>\$ 47,218</u>	<u>\$ 77,670</u>	<u>\$ 749,578</u>

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

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1 - Reporting Entity

The Lucas County Correctional Treatment 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 140 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. The Facility serves Lucas County.

For the year ended June 30, 2020, 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 change in fund balance (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.

Federal Grant Match Reports amounts received to meet any Federal program matching fund requirements.

Federal Reports amounts received from the Federal government, including amounts passed through ODRC.

Capital CAP 003 Reports amounts received from the ODRC to finance all or part of the cost of the renovating or building facilities.

Offender Funds

Telephone Commissions Reports amounts received from telephone commissions generated by calls offenders place to locations outside the Facility. The Facility spends this money for programs and services benefitting the offenders.

Offender Personal Funds Are amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds 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.

Commissary Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code Section 2301.58.

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Resident Program Fund This fund receives other Offender Funds such as telephone and commissary commissions, and reimbursable costs for supplies, intake packets, laundry and medical. This fund pays for programs and services benefitting offenders, such as indigent offender's supplies and entertainment. The Offender Personal Fund reimburses this Fund for costs chargeable to Offender Funds.

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 Lucas 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 4 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 the 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Lucas 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 hold 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.

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)**

Note 3 - Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ended June 30, 2020 as follows:

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
ODRC 501-501	\$ 4,554,133	\$ 4,457,455	\$ 96,678
Total	\$ 4,554,133	\$ 4,457,455	\$ 96,678

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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 prior June 30. The Facility refunds amounts computed below in the fiscal year following the computation below. Currently the Facility is on a 2 year budget. The amount under "Refundable to ODRC" are spendable funds in the 2nd year of the 2 year budget.

Refund to ODRC	
	2020
Cash, July 1	\$ 464,370
Disbursements Against Prior Year Budget	(124,570)
Payable to ODRC, July 1	-
Sub-Total	339,800
501 Cash Receipts	4,554,133
Budgetary Basis Disbursements	(4,457,455)
Amounts Subject to Refund, June 30	436,478
One-Twelfth of 501 Award	(379,511)
Refundable to ODRC	\$ 56,967

Calculation of Payable to ODRC	
	2020
Payable, July 1	\$ -
Cash Refunded	-
Refundable to ODRC, June 30	-
Payable, June 30	\$ -

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)**

Note 6 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Facility pays the State Workers' Compensation System a premium based on a percent that varies from year to year. The rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Facility is included in Lucas 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

All Facility employees participate in OPERS.

The 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 these plans' benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Facility contributed an amount equaling 14% of participants' gross salaries. The Facility has paid all contributions required through June 30, 2020.

Note 8 - Postemployment Benefits

OPERS offers 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 fiscal year 2020.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Facility are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. The Facility's counsel cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility. The impact on the Facility's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	State Appropriations and Grants	Offender Funds		Total
	ODRC 501-501	Offender Personal	Resident Program	
Cash Receipts				
Intergovernmental	\$ 4,289,213	\$ -	\$ -	\$ 4,289,213
Receipts for Offenders	-	256,045	-	256,045
Collections from Offenders	-	-	18,374	18,374
Commissions	-	-	115,895	115,895
Other	-	413	139,948	140,361
<i>Total Cash Receipts</i>	<u>4,289,213</u>	<u>256,458</u>	<u>274,217</u>	<u>4,819,888</u>
Cash Disbursements				
Personnel	3,663,201	-	-	3,663,201
Operating Costs	338,740	170,167	3,313	512,220
Program Costs	122,038	-	233,953	355,991
Equipment	7,677	-	-	7,677
Offender Disbursements:				-
Offender Legal Obligations/Recreation	-	-	1,750	1,750
Offender Reimbursements/Release of Funds	-	1,184	-	1,184
Offender Payments to CBCF/I&E	-	54,272	-	54,272
Offender Savings Paid at Exit	-	13,762	384	14,146
<i>Total Cash Disbursements</i>	<u>4,131,656</u>	<u>239,385</u>	<u>239,400</u>	<u>4,610,441</u>
Disbursements from Prior FY	<u>68,254</u>	<u>-</u>	<u>-</u>	<u>68,254</u>
<i>Total Receipts Over (Under) Disbursements</i>	<u>89,303</u>	<u>17,073</u>	<u>34,817</u>	<u>141,193</u>
<i>Fund Cash Balances, July 1, 2018</i>	<u>375,067</u>	<u>19,998</u>	<u>489</u>	<u>395,554</u>
<i>Fund Cash Balances, June 30, 2019</i>	<u>\$ 464,370</u>	<u>\$ 37,071</u>	<u>\$ 35,306</u>	<u>\$ 536,747</u>

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

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 1 - Reporting Entity

The Lucas County Correctional Treatment 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 140 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 Lucas County.

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 change in fund balance (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.

Capital CAP 003 Reports amounts received from the ODRC to finance all or part of the cost of the renovating or building facilities.

Offender Funds

Telephone Commissions Reports amounts received from telephone commissions generated by calls offenders place to locations outside the Facility. The Facility spends this money for programs and services benefitting the offenders.

Offender Personal Funds Are amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds 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 other Offender Funds such as telephone, commissary commissions, and reimbursable costs for supplies, intake packets, laundry and medical. This fund pays for programs and services benefitting offenders, such as indigent offender's supplies and entertainment. The Offender Personal Fund reimburses this Fund for costs chargeable to Offender Funds.

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)**

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 Lucas 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 4 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 the 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Lucas 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 hold 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.

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)**

Note 3 - Budgetary Activity

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

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
ODRC 501-501	\$ 4,289,213	\$ 4,283,874	\$ 5,339
Total	\$ 4,289,213	\$ 4,283,874	\$ 5,339

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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 prior June 30. The Facility refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC	
	2019
Cash, July 1	\$ 375,067
Disbursements Against Prior Year Budget	(89,546)
Payable to ODRC, July 1	-
Sub-Total	285,521
501 Cash Receipts	4,289,213
Budgetary Basis Disbursements	(4,283,874)
Amount Subject to Refund, June 30	290,860
One-Twelfth of 501 Award	(357,434)
Refunable to ODRC	\$ (66,574)

Calculation of Payable to ODRC	
	2019
Payable, July 1	\$ -
Cash Refunded	-
Refundable to ODRC, June 30	-
Payable, June 30	\$ -

**LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)**

Note 6 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Facility pays the State Workers' Compensation System a premium based on a percent that varies from year to year. The rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Facility is included in Lucas 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

All Facility employees participate in OPERS.

The 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 these plans' benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Facility contributed an amount equaling 14% of participants' gross salaries. The Facility has paid all contributions required through June 30, 2019.

Note 8 - Postemployment Benefits

OPERS offers 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 fiscal year 2019.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Facility are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. The Facility's counsel cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility. The impact on the Facility's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

January 12, 2021

Judicial Advisory and Facility Governing Board
Lucas County Correctional Treatment Facility
Lucas County
1100 Jefferson Avenue
Toledo, Ohio 43604

To the Members of the Judicial Advisory 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 **Lucas County Correctional Treatment Facility**, Lucas County, (the Facility) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2021, wherein we noted the Facility followed financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility.

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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An Independently owned member
RSM US Alliance 

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*.

Facility's Response to Finding

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

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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY
LUCAS COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020-2019

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

FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Financial Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2020 and 2019, financial statements and footnote disclosures were not always presented correctly. The following errors were noted:

- Collections from Offenders receipts were misclassified on the financial statements as Commissions receipts in 2019.
- Commissions receipts were misclassified on the financial statements as Other receipts in 2020.
- The Facility omitted minor footnote items in both fiscal year 2020 and 2019.

As a result, reclassifications and modifications were made in order to fairly present the annual financial report. The financial statements and footnotes reflect these reclassifications and modifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements.

We also recommend the Facility ensure all applicable footnote disclosures are accurately reported.

Officials' Response: New measures have been put in place between myself and two other office staff to ensure these findings are not repeated.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



LUCAS COUNTY CORRECTIONAL TREATMENT FACILITY

LUCAS 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 3/23/2021

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