

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 3.18  
(ID # 15317)**

**MEETING DATE:**  
Tuesday, June 29, 2021

**FROM :** FACILITIES MANAGEMENT:

**SUBJECT:** FACILITIES MANAGEMENT: Board of State Community Corrections (BSCC) Assembly Bill 900 Jail Financing Program (John J. Benoit Detention Center Project) Financial Audit for the period of inception (March 27, 2012) through notice of completion (May 8, 2020), All Districts [\$0].

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file the Audit Report for Board of State and Community Corrections (BSCC) Assembly Bill 900 Jail Financing Program (John J. Benoit Detention Center Project) for the period of inception (March 27, 2012) through notice of completion (May 8, 2020); and
2. Receive and file the Auditor's Communication with those Charged with Governance (SAS 114 conclusion letter).

**ACTION:**Policy

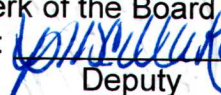
  
Rose Salgado, Director of Facilities Management 5/26/2021

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Washington, seconded by Supervisor Jeffries duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: None  
Date: June 29, 2021  
xc: FM

Kecia Harper  
Clerk of the Board  
By:   
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	20/21

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

On January 14, 2020 agenda item 3.5, the Board of Supervisors approved the Board of State and Community Corrections (BSCC) AB900 Jail Financing Program (John J. Benoit Detention Center Project) audit from the period of inception (March 27, 2012) through the notice of completion (May 8, 2020).

Facilities Management engaged Eadie & Payne LLP to perform the audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States; and certain provisions of Title 15, Division 1, Chapter 1, Subchapter 6, Board of State and Community Corrections Construction Financing Program and the BSCC Audit Guide.

At the conclusion of the audit, the independent auditor issued an opinion that the financial schedules relating to the BSCC AB900 Jail Financing Program (John J. Benoit Detention Center Project), presents fairly, in all material respects, the respective financial position of the Schedule of Grant Revenues and Expenditures, Schedule of Agreement to Actual Costs, Schedule of Eligible Project Costs by Funding Sources, Schedule of Recommended Disallowed Costs (State Funds), and the related notes of the County's BSCC AB900 Jail Financing Program Project A-06-12 (John J Benoit Detention Center), from the period of inception (March 27, 2012) through notice of completion (May 8, 2020), in accordance with accounting principles generally accepted in the United States of America.

**Impact on Residents and Businesses**

The audit provides a reasonable assurance that the financial statements and all related schedules of the Board of State and Community Corrections AB900 Jail Financing Program for the John J. Benoit Detention Center Project are free from material misstatement.

Attachments:

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

- Audit Report for the period of inception (March 27, 2012) through notice of completion (May 8, 2020) for the BSCC AB900 Jail Financing Program (John J. Benoit Detention Center Project).
- Auditor's Communication with those Charged with Governance (SAS 114 conclusion letter).

  
Meghan Hahn, Administrative Analyst 6/17/2021





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**Certified Public Accountants  
& Business Advisors**

April 27, 2021

Board of Supervisors  
County of Riverside  
3133 Mission Inn Ave  
Riverside, CA 92507

We have audited the Schedule of Grant Revenues and Expenditures, Schedule of Agreement to Actual Costs (Budget to Actual), Schedule of Eligible Project Costs by Funding Sources, and Schedule of Recommended Disallowed Costs (State Funds) for the County of Riverside, California (the County), Board of State and Community Corrections (BSCC) Assembly Bill (AB) 900 Jail Financing Program Project Number A-06-12 (John J. Benoit Detention Center), for the period of inception (March 27, 2012) through notice of completion (May 8, 2020), and have issued our report thereon dated April 27, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Schedule Audit**

As communicated in our engagement letter dated September 22, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial schedules that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial schedules does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial schedules are free of material misstatement. An audit of financial schedules includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of County of Riverside solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and other matters noted during our audit in a separate letter to you dated April 27, 2021.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Our firm has identified the self-review of nonattest services as a threat to independence. To eliminate this threat, the firm requires review by an independent partner, and acceptance of the report by management.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### **Significant Accounting Policies**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by County of Riverside is included in Note 1 to the financial schedules. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the period ending May 8, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### **Significant Accounting Estimates**

Accounting estimates are an integral part of the financial schedules prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial schedules and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial schedules are:

- Management's estimate of additional costs to be incurred during the completion of Phase II.

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial schedules taken as a whole and in relation to the applicable opinion units.

#### **Financial Schedule Disclosures**

Certain financial schedule disclosures involve significant judgment and are particularly sensitive because of their significance to financial schedule users. The most sensitive disclosures affecting County of Riverside's financial schedules relate to:

- The disclosure of summary of the budget in Note 4.
- The summary of grant revenues and expenditures in Note 5.
- The disclosure of contingencies in Note 6.



### **Significant Difficulties Encountered during the Audit**

Although there were some delays in the completion of the report due to turnover of management and key personnel, we are pleased to say that we encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial schedules as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial schedules taken as a whole or applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to County of Riverside's financial schedules or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in a letter dated April 27, 2021.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with County of Riverside, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as County of Riverside's auditors.

This report is intended solely for the information and use of the Board of Supervisors, and management of County of Riverside and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Eddie and Payne HP*

**COUNTY OF RIVERSIDE, CALIFORNIA  
AB 900 JAIL FINANCING PROGRAM PROJECT NUMBER A-06-12  
(JOHN J. BENOIT DETENTION CENTER)  
FUNDED BY THE STATE OF CALIFORNIA  
BOARD OF STATE AND COMMUNITY CORRECTIONS  
  
FINANCIAL AND PERFORMANCE AUDIT  
  
FROM INCEPTION (MARCH 27, 2012)  
THROUGH NOTICE OF COMPLETION (MAY 8, 2020)**

COUNTY OF RIVERSIDE, CALIFORNIA  
AB 900 JAIL FINANCING PROGRAM PROJECT NUMBER A-06-12  
(JOHN J. BENOIT DETENTION CENTER)  
FUNDED BY THE STATE OF CALIFORNIA  
BOARD OF STATE AND COMMUNITY CORRECTIONS  
FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

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## INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors  
of the County of Riverside, California

### Report on the Financial Schedules

We have audited the accompanying Schedule of Grant Revenues and Expenditures, Schedule of Agreement to Actual Costs (Budget to Actual), Schedule of Eligible Project Costs by Funding Sources, and Schedule of Recommended Disallowed Costs (State Funds) for the County of Riverside, California (the County), Board of State and Community Corrections (BSCC) Assembly Bill (AB) 900 Jail Financing Program Project Number A-06-12 (John J. Benoit Detention Center), for the period of inception (March 27, 2012) through notice of completion (May 8, 2020), and the related notes to the financial schedules.

### Management's Responsibility for the Financial Schedules

Management is responsible for the preparation and fair presentation of these financial schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial schedules that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and certain provisions of Title 15, Division 1, Chapter 1, Subchapter 6, Board of State and Community Corrections Construction Financing Program and the BSCC Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free from material misstatement.



**EADIE + PAYNE**

*Celebrating a Century  
of Quality Service*

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial schedules referred to above present fairly, in all material respects, the respective financial position of the Schedule of Grant Revenues and Expenditures, Schedule of Agreement to Actual Costs (Budget to Actual), Schedule of Eligible Project Costs by Funding Sources, Schedule of Recommended Disallowed Costs (State Funds), and the related notes of the County's BSCC AB 900 Jail Financing Program Project A-06-12 (John J. Benoit Detention Center), from the period of inception (March 27, 2012) through notice of completion (May 8, 2020), in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 County's internal control over financial reporting and compliance relating to the BSCC AB 900 Jail Financing Program Project A-06-12 (John J. Benoit Detention Center).

*Eddie and Payne HP*

Riverside, California  
April 27, 2021

COUNTY OF RIVERSIDE, CALIFORNIA  
 AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
 (JOHN J. BENOIT DETENTION CENTER)  
 FUNDED BY THE STATE OF CALIFORNIA  
 BOARD OF STATE AND COMMUNITY CORRECTIONS  
**SCHEDULE OF GRANT REVENUES AND EXPENDITURES**  
 FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

Revenues:	
State Grants	\$ 100,000,000
County Funds (Cash Match)	257,591,307
County Funds (In-Kind Match)	<u>10,732,507</u>
Total Revenues	<u>368,323,814</u>
Expenditures	
Construction	323,084,260
Additional Eligible Costs	994,742
Architectural	17,990,884
California Environmental Quality Act (CEQA)	135,403
Construction Management	15,386,018
Audit	83,000
Site Acquisition	2,240,000
Needs Assessment	-
County Administration	7,717,649
Transition Planning	676,888
Real Estate Due Diligence	<u>14,970</u>
Total Expenditures	<u>368,323,814</u>
Excess of Revenues over Expenditures	<u>\$ -</u>

The accompanying notes are an integral part of the financial schedules.



COUNTY OF RIVERSIDE, CALIFORNIA  
AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
(JOHN J. BENOIT DETENTION CENTER)  
FUNDED BY THE STATE OF CALIFORNIA  
BOARD OF STATE AND COMMUNITY CORRECTIONS  
**SCHEDULE OF AGREEMENT TO ACTUAL COSTS (BUDGET TO ACTUAL)**  
FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

Budget Line Item	Original Budget	Budget Modifications	Final Budget	Expenditures	(Over)/Under
Construction	\$204,906,400	\$118,523,922	\$323,430,322	\$323,084,260	\$ 346,062
Additional Eligible Costs	3,119,100	(1,319,100)	1,800,000	994,742	805,258
Architectural	16,000,000	3,047,722	19,047,722	17,990,884	1,056,838
California Environmental Quality Act (CEQA)	110,000	220,000	330,000	135,403	194,597
Construction Management	6,000,000	14,521,692	20,521,692	15,386,018	5,135,674
Audit	135,000	-	135,000	83,000	52,000
Site Acquisition	3,100,000	(860,000)	2,240,000	2,240,000	-
Needs Assessment	-	-	-	-	-
County Administration	3,204,000	4,549,464	7,753,464	7,717,649	35,815
Transition Planning	525,800	200,000	725,800	676,888	48,912
Real Estate Due diligence	16,000	-	16,000	14,970	1,030
Total Costs	<u>\$237,116,300</u>	<u>\$138,883,700</u>	<u>\$376,000,000</u>	<u>\$368,323,814</u>	<u>\$ 7,676,186</u>

The accompanying notes are an integral part of the financial schedules.

COUNTY OF RIVERSIDE, CALIFORNIA  
AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
(JOHN J. BENOIT DETENTION CENTER)  
FUNDED BY THE STATE OF CALIFORNIA  
BOARD OF STATE AND COMMUNITY CORRECTIONS  
**SCHEDULE OF ELIGIBLE PROJECT COSTS BY FUNDING SOURCES**  
FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

Budget Line Item	Total Costs			Total
	to be Claimed From the State	Cash Match	In-Kind Match	
Construction	\$ 100,000,000	\$ 223,084,260	\$ -	\$ 323,084,260
Additional Eligible Costs	-	994,742	-	994,742
Architectural	-	17,990,884	-	17,990,884
California Environmental Quality Act (CEQA)	-	135,403	-	135,403
Construction Management	-	15,386,018	-	15,386,018
Audit	-	-	83,000	83,000
Site Acquisition	-	-	2,240,000	2,240,000
Needs Assessment	-	-	-	-
County Administration	-	-	7,717,649	7,717,649
Transition Planning	-	-	676,888	676,888
Real Estate Due Diligence	-	-	14,970	14,970
<b>Total Costs</b>	<b>\$ 100,000,000</b>	<b>\$ 257,591,307</b>	<b>\$ 10,732,507</b>	<b>\$ 368,323,814</b>

The accompanying notes are an integral part of the financial schedules.

COUNTY OF RIVERSIDE, CALIFORNIA  
 AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
 (JOHN J. BENOIT DETENTION CENTER)  
 FUNDED BY THE STATE OF CALIFORNIA  
 BOARD OF STATE AND COMMUNITY CORRECTIONS  
**SCHEDULE OF RECOMMENDED DISALLOWED COSTS (STATE FUNDS)**  
 FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

<u>Budget Line Item</u>	<u>Total Costs to be Claimed from the State</u>	<u>Costs Accepted</u>	<u>Recommended Disallowances</u>
Construction	\$ 100,000,000	\$ 100,000,000	\$ -
Additional Eligible Costs			
Architectural	-	-	-
California Environmental Quality Act (CEQA)	-	-	-
Construction Management	-	-	-
Audit	-	-	-
Site Acquisition	-	-	-
Needs Assessment	-	-	-
County Administration	-	-	-
Transition Planning	-	-	-
Real Estate Due Diligence	-	-	-
Total Recommended Disallowed Costs	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial schedules.



COUNTY OF RIVERSIDE, CALIFORNIA  
AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
(JOHN J. BENOIT DETENTION CENTER)  
FUNDED BY THE STATE OF CALIFORNIA  
BOARD OF STATE AND COMMUNITY CORRECTIONS  
**NOTES TO THE FINANCIAL SCHEDULES**  
FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

**Note 1 - Significant Accounting Policies**

Summary

The County of Riverside (County) entered into agreements with the Board of State and Community Corrections of the State of California (BSCC) to finance the acquisition, design, and construction of the Jail Financing Project (John J. Benoit East County Detention Center) (the Project). The Project designed and constructed a new 600,000 square-foot facility on approximately 6.5 acres owned by the County of Riverside. The facility provides housing, program, healthcare, custody, administrative, and support services space to address the needs to approximately 1,600 offenders, replacing and expanding the existing Indio Jail for the County of Riverside Sheriff's Department.

The Project is financed up to a maximum of \$100,000,000 from the State of California (through the Jail Financing Program under Assembly Bill (AB) 900). The County has a 10% match requirement which is made up of cash match and in-kind match. The Conditional Award of the State financing was approved by the County Board of Supervisors on March 27, 2012. The total project budget for the AB 900 Project was originally estimated at \$237 million, including study/acquisition, performance criteria and concept drawings, and design-build contract, as well as all other eligible project costs.

The Riverside County Board of Supervisors approved the Notice of Completion for the Project on May 8, 2020. The Notice of Completion was approved upon completion of Phase I of the Project. Phase I consisted of construction of the John J. Benoit Detention Center. Phase II of the Project consists of transitioning detainees to the new facility, and the demolition of the old facility.

Financial Schedule Presentation

The Schedule of Grant Revenues and Expenditures and other schedules presented in this report were prepared from the accounts and financial transactions of the County, and summarize revenues and eligible expenditures recorded by the County from the date the County Board of Supervisors approved the Conditional Award (March 27, 2012).

Basis of Accounting

Revenues and expenditures are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting.

COUNTY OF RIVERSIDE, CALIFORNIA  
 AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
 (JOHN J. BENOIT DETENTION CENTER)  
 FUNDED BY THE STATE OF CALIFORNIA  
 BOARD OF STATE AND COMMUNITY CORRECTIONS  
**NOTES TO THE FINANCIAL SCHEDULES**  
 FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE COMPLETION (MAY 8, 2020)

**Note 2 - MATCHING FUND REQUIREMENTS**

According to the terms and provisions of the BSCC Jail Financing Project agreement with the State of California, the County is required to use Total Eligible Costs when determining the amount required for the Match Funding. The agreement required the County to provide funding for the project of at least ten percent (10%) of the total eligible project costs as any combination of cash match and in-kind match funds. The County has complied with the terms and provisions of the agreement.

**NOTE 3 - CLAIMED COSTS**

The County has claimed \$100,000,000 for reimbursement from the State of California from inception (March 27, 2012) through notice of completion (May 8, 2020), of which \$95,000,000 has been received.

**NOTE 4 - SUMMARY OF BUDGET**

Budget Line Item	State Funds	Cash Match	In-Kind Match	Total
Construction	\$100,000,000	\$223,430,322	\$ -	\$323,430,322
Additional Eligible Costs	-	1,800,000	-	1,800,000
Architectural	-	19,047,722	-	19,047,722
California Environmental Quality Act (CEQA)	-	330,000	-	330,000
Construction Management	-	20,521,692	-	20,521,692
Audit	-	-	135,000	135,000
Site Acquisition	-	-	2,240,000	2,240,000
Needs Assessment	-	-	-	-
County Administration	-	-	7,753,464	7,753,464
Transition Planning	-	-	725,800	725,800
Real Estate Due Diligence	-	-	16,000	16,000
Total Costs	<u>\$100,000,000</u>	<u>\$265,129,736</u>	<u>\$10,870,264</u>	<u>\$376,000,000</u>

The budget shown includes Phase I and Phase II of the Project. The County expects to incur additional costs of approximately \$7,600,000 during completion of Phase II.

The accompanying notes are an integral part of the financial schedules.

COUNTY OF RIVERSIDE, CALIFORNIA  
 AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
 (JOHN J. BENOIT DETENTION CENTER)  
 FUNDED BY THE STATE OF CALIFORNIA  
 BOARD OF STATE AND COMMUNITY CORRECTIONS  
**NOTES TO THE FINANCIAL SCHEDULES**  
 FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

**NOTE 5 - SUMMARY OF GRANT REVENUES AND EXPENDITURES**

<u>State Funds</u>	<u>Budgeted Expenditures from Inception</u>	<u>Actual Expenditures</u>	<u>County Fund (Cash Match)</u>	<u>County Fund (In-Kind Match)</u>	<u>Revenues Received from the State</u>	<u>Balance of Funds to be Received</u>
AB 900 Jail Financing Program Project A-06-12 (John J. Benoit Detention Center)	\$ 376,000,000	\$ 368,323,814	\$ 257,591,307	\$ 10,732,507	\$ 95,000,000	\$ 5,000,000

**NOTE 6 - CONTINGENCIES**

The County received State fund reimbursements for specific costs that are subject to review and audit by the BSCC. Although such audits and review could generate expenditure disallowances under the terms of the BSCC Jail Financing Project agreement, management believes that all invoices submitted to the BSCC will result in timely disbursement of State funds.

The County filed an action in Riverside Superior Court against the architect of the Project to recover damages arising from alleged design errors and omissions. The County's alleged damages arising from the Project include more than \$20 million in connection with the defense, settlement and payment of claims asserted by the Project's general contractor and an estimated \$10 million for additional damages suffered by the County. The architect meanwhile has submitted a Government Code claim with the County in which it asserts that the County owes the architect \$4.4 million for various design professional services. The County contests the architect's claim. The architect has filed a cross-complaint against the County, which the County will vigorously defend. The architect's claim against the County is not expected to be covered by County insurance. The outcome of the litigation, which is in the early stage of the process, is uncertain.

**NOTE 7 - SUBSEQUENT EVENTS**

In compliance with accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after Project Completion on May 8, 2020, and if these events are required to be disclosed in these basic financial schedules. Management has determined that the following events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through April 27, 2021, which is the date the basic financial schedules were available to be issued.

As illustrated in Note 5, the remaining \$5,000,000 of the County's award remains in retention until final project close out by the State. An additional and final claim will be submitted for approval upon close out completion of this project. The County is expected to be reimbursed for this additional \$5,000,000 in expenses upon the State's receipt of the County's final claim.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Supervisors  
of the County of Riverside, California

We have audited the accompanying Schedule of Grant Revenues and Expenditures, Schedule of Agreement to Actual Costs (Budget to Actual), Schedule of Eligible Project Costs by Funding Sources, and Schedule of Recommended Disallowed Costs (State Funds) for the County of Riverside, California (the County), Board of State and Community Corrections (BSCC) Assembly Bill (AB) 900 Jail Financing Program Project A-06-12 (John J. Benoit Detention Center), for the period of inception (March 27, 2012) through notice of completion (May 8, 2020), and the related notes to the financial schedules.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial schedules, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.



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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 2020-001 in the attached schedule of findings to be a significant deficiency.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

#### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eddie and Payne HP*

Riverside, California  
April 27, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR BOARD OF  
STATE AND COMMUNITY CORRECTIONS ASSEMBLY BILL 900 JAIL  
FINANCING PROGRAM PROJECT A-06-12 (JOHN J. BENOIT  
DETENTION CENTER) AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE**

The Board of Supervisors  
of the County of Riverside, California

**Report on Compliance**

We have audited the compliance of County of Riverside, California (the County) with the compliance requirements related to the Board of State and Community Corrections (BSCC) Assembly Bill (AB) 900 Jail Financing Program Project A-06-12 (John J. Benoit Detention Center) (the Project), from inception (March 27, 2012) through notice of completion (May 8, 2020) as described in Title 15, Division 1, Chapter 1, Subchapter 6: BSCC Local Jail Construction Financing Program, the BSCC Jail Construction Agreement for Riverside County, East County Detention Center and the Project Delivery and Construction Agreement.

**Management's Responsibility**

Management is responsible for the County's compliance with Title 15, Division 1, Chapter 1, Subchapter 6: BSCC Local Jail Construction Financing Program, the BSCC Jail Construction Agreement for Riverside County, East County Detention Center and the Project Delivery and Construction Agreement.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the County's compliance for the Project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements stated in the BSCC Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Project. However, our audit does not provide a legal determination of the County's compliance.



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## Opinion

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above.

## Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Title 15, Division 1, Chapter 1, Subchapter 6: BSCC Local Jail Construction Financing Program, BSCC Jail Construction Agreement for Riverside County, East County Detention Center and the Project Delivery and Construction Agreement. Accordingly, this report is not suitable for any other purpose.

*Eddie and Payne HP*

Riverside, California  
April 27, 2021



COUNTY OF RIVERSIDE, CALIFORNIA  
AB 900 JAIL FINANCING PROGRAM PROJECT A-06-12  
(JOHN J. BENOIT DETENTION CENTER)  
FUNDED BY THE STATE OF CALIFORNIA  
BOARD OF STATE AND COMMUNITY CORRECTIONS  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
FROM INCEPTION (MARCH 27, 2012) THROUGH NOTICE OF COMPLETION (MAY 8, 2020)

**2020-001 – Complete Records in a Consolidated General Ledger (SD)**

**Criteria:** Having a complete project general ledger is essential to provide accurate project tracking and financial reporting. Pursuant to the BSCC Grant Administration Guide Section 11, Accounting Systems: "The project must establish and maintain an adequate accounting and internal administrative control system. The Grantee is required to establish and maintain an accounting system that at a minimum includes the general ledger accounting structure, subsidiary accounting records, and procedures that define how and by whom the funds are handled. The accounting records must identify the receipt and the expenditure of all BSCC funds. Overall, the accounting system should conform to Generally Accepted Accounting Principles (GAAP) as required in Title 2 of the Code of Federal Regulations, Grants and Agreements."

**Condition:** The County did not maintain a complete consolidated general ledger for the Project in their accounting system, PeopleSoft, and maintained a general ledger that is manually reconciled from multiple sources. Tracking and reconciliation performed for the Project was a manual process, and no single project code was assigned and used for tracking purposes in the County's accounting system.

**Cause:** Lack of controls in place for a centralized bookkeeping and reconciliation of all Project transactions. There was a lack of adequate planning, setup, and mapping of subsidiary records and their reconciliation and recording to a consolidated general ledger.

**Effect or Potential Effect:** Potential material understatement of revenues and expenditures and incorrect reporting. There were significant administrative time inefficiencies taken upon by current personnel to retrieve and provide required adequate audit trail, such as manually reconciling revenues and expenditures over the Project's duration after the information was requested.

**Repeat of a Prior-Year Finding:** No

**Recommendation:** We recommend the County utilize its enterprise resource planning (ERP) system, i.e. PeopleSoft, to maintain all projects' transactions in a centralized general ledger. Each project should be assigned a unique project code to better track all transactions posted that relate to it. This enables the County to capture all transactions for regular reconciliation. The County should reconcile project records at least on a monthly or quarterly basis, and investigate and resolve variances in a timely manner.



## Management Response and Corrective Action Plan

**County's Response:** Due to the size of the project, some costs are allocated or reimbursed by other County funds/funding sources. The County's financial system maintains a complete record of all financial transactions of the project by fund or funding source. Facilities Management (FM) assigned a unique project control number for the project and used the said project number in the recording of transactions and requesting reimbursements. Since other funds contribute to this project and other funds may not use FM's project number, reconciliation between funds is done manually. FM has two financial systems: PeopleSoft project costing to account for the costs that are paid internally, and Dynamics to account for the costs paid externally; both use the same unique project control number.

**Corrective Action Plan:** A unique project number will be used in all funds.

**Planned Implementation Date:** To be determined

**Responsible Person:** Rose Salgado, Director, Facilities Management