



**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2010-2009



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

February 8, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

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**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

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Mary Taylor, CPA
Auditor of State

CROSSWAEH Community Based Correctional Facility
Seneca County
4064 East State Route 18
Tiffin, Ohio 44883

To the Members of the Facility Governing Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While the Ohio Department of Rehabilitations and Corrections (ODRC) does not require your Facility to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format ODRC prescribes or permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 13, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

CROSSWAEH Community Based Correctional Facility
Seneca County
4064 East State Route 18
Tiffin, Ohio 44883

To the Members of the Facility Governing Board:

We have audited the accompanying financial statements of the CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio, (the Facility) as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Facility has prepared these financial statements using accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Facility does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Facility uses. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2010 and 2009 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and unpaid obligations of the CROSSWAEH Community Based Correctional Facility, Seneca County, as of June 30, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Facility has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, on our consideration of the Facility's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 13, 2010

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
CROSSWAH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

	State Appropriations and Grants				Offender Funds			GRAND TOTALS
	ODRC 501-501	Oriana House Subsidy	PROGRAM TOTALS	Resident Program Fund	Offender Personal Funds	Resident Funds Allowable Costs	Other/ Misc.	
Cash Receipts:								
Intergovernmental Collections from offenders Subsidy	\$2,272,288	\$233,824	233,824	\$7,592	\$40,751	\$2,304	\$113,622	\$2,272,288 164,269 233,824
Total Cash Receipts	2,272,288	233,824	2,506,112	7,592	40,751	2,304	113,622	2,670,381
Cash Disbursements:								
Personnel	1,577,440	240,764	1,818,204			3,000	6,000	1,827,204
Operating costs	574,262	2,946	577,208					577,208
Program costs	78,422	6,722	85,144					85,144
Equipment	187		187					187
Offender Expenses								
Offender legal obligations				6,988	5,619			5,619
Offender reimbursements					35,250		106,968	113,956
Offender savings paid at exit								35,250
Total Cash Disbursements	2,230,311	250,432	2,480,743	6,988	40,869	3,000	112,968	2,644,568
Disbursements from prior FY (Including refund to ODR)	42,260	43,785	86,045					86,045
Other Sources (Uses)								
Advances in from agency	925,000		925,000					925,000
Advances (out) to agency	(925,000)		(925,000)					(925,000)
Interest	19		19					19
Total Other Sources (Uses)	19		19					19
Total Receipts Over/(Under) Disbursements	(264)	(60,393)	(60,657)	604	(118)	(696)	654	(60,213)
Fund Cash Balances (deficit), July 1, 2009	54,722	158,391	213,113	(1,483)	3,223	892	5,251	220,996
Fund Cash Balances (deficit), June 30, 2010	54,458	97,998	152,456	(879)	3,105	196	5,905	160,783
Unpaid Obligations/Open Purchase Orders	42,026	97,998	140,024					

See the accompanying notes to the financial statements.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
CROSSWAH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

	State Appropriations and Grants				Offender Funds				GRAND TOTALS
	ODRC 501-501	Capital CAP 003	Oriana House Subsidy	PROGRAM TOTALS	Resident Program Fund	Offender Personal Funds	Resident Funds Allowable Costs	Other/ Misc.	
Cash Receipts:									
Intergovernmental	\$2,063,164	\$7,879	\$324,890	\$2,071,043	\$4,899	\$34,116	\$6,525	\$149,744	\$195,284
Collections from offenders				324,890					195,284
Subsidy									324,890
Total Cash Receipts	2,063,164	7,879	324,890	2,395,933	4,899	34,116	6,525	149,744	195,284
Cash Disbursements:									
Personnel	1,432,806		272,351	1,705,157			6,000	7,500	13,500
Operating costs	505,046			505,046					505,046
Program costs	78,493		4,324	82,817					82,817
Equipment	4,559		1	4,560					4,560
Capital Project		7,879		7,879					7,879
Offender Expenses						7,944			7,944
Offender legal obligations									
Offender reimbursements					13,281		10	142,700	155,981
Offender payments to CBCF						27,597			10
Offender savings paid at exit									27,597
Total Cash Disbursements	2,020,904	7,879	276,676	2,305,459	13,281	35,541	6,010	150,200	205,032
Disbursements from prior FY (Including refund to ODRC)	389		36,285	36,674					36,674
Other Sources (Uses)									
Advances in from agency	640,000			640,000					640,000
Advances (out) to agency	(640,000)			(640,000)					(640,000)
Interest	30			30					30
Total Other Sources (Uses)	30			30					30
Total Receipts Over/(Under) Disbursements	41,901		11,929	53,830	(8,382)	(1,425)	515	(456)	(9,748)
Fund Cash Balances, July 1, 2008	12,821		146,462	159,283	6,899	4,648	377	5,707	17,631
Fund Cash Balances (deficit), June 30, 2009	54,722		158,391	213,113	(1,483)	3,223	892	5,251	7,883
Unpaid Obligations/Open Purchase Orders	42,290		158,391	200,681					

See the accompanying notes to the financial statements.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio, (the "Facility") provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 90, and 79 offenders as of June 30, 2010 and 2009, respectively. The Facility Governing Board administers the Facility. The Board includes six members serving three year terms. The Facility serves the following counties.

Crawford	Richland	Ottawa
Sandusky	Seneca	Wyandot
Ashland	Erie	Huron

For the years ended June 30, 2010 and 2009, the financial statements present all funds related to the Facility.

The Facility Governing Board has contracted Facility operation responsibilities to Oriana House, Inc., a nonprofit organization. Oriana House is responsible for essentially all management decisions related to the Facility, subject to the Facility Governing Board's oversight.

B. Basis of Accounting

These financial statements follow the basis of accounting the Ohio Department of Rehabilitation and Corrections prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, the Ohio Department of Rehabilitation and Corrections requires.

C. Cash

At June 30, 2010 and 2009, the carrying value of the Facility's cash fund balances were \$160,783 and \$220,996, respectively.

During 2010 and 2009, cash is held in demand deposits, a money market account and petty cash.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

The Facility uses fund accounting to segregate amounts that are restricted as to use. The Facility has the following funds:

State Appropriations and Grants

Ohio Department of Rehabilitation and Corrections (ODRC) 501-501 Funding: ODRC grants this funding, appropriated from the State's General Fund, to the Facility to support general operating costs.

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

Oriana House Subsidy

The Oriana House Subsidy consists of fiscal support provided by the managing nonprofit agency and vending/payphone commission in excess of the costs financed by the 501-501 funding.

Offender Funds

Resident Program Fund: Reports receipts from a per diem fee charged to non-indigent offenders for room, board and medical treatment per Ohio Revised Code Section 2301.56 (C).

Offender Personal Funds: Reports 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.

Resident Funds Allowable Costs: 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 benefiting the offenders.

Other / Miscellaneous: Amounts received from vending machine commission generated by purchases offenders make in the Facility. The Facility spends this money for programs and services benefiting the offenders. Also includes amounts reimbursed by offenders for cab and bus fees incurred by the facility on their behalf; and other offender related items.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

CROSSWAEH Community Based Correction Facility conforms to the purchasing guidelines approved by the Facility Governing Board.

A summary of fiscal years 2010 and 2009 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

The Facility records acquisitions of property, plant and equipment as capital project disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is reflected as a liability under the basis of accounting the Facility uses for this report.

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ended 2010 and 2009 are as follows:

2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$ 2,272,288	\$ 2,272,288	\$ -

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$ 2,063,164	\$ 2,063,164	\$ -

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

The Facility has Federal Deposit Insurance Corporation (FDIC) coverage for up to \$250,000 of its demand deposit accounts. Excess deposits are uncollateralized.

Offender Funds

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$250,000 for Offender Funds.

4. REFUND TO ODRC

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the years ending June 30, 2010 and 2009. 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.

Refund to ODRC		
	2010	2009
Cash, July 1	\$12,463	\$12,821
Amount Refunded to State		(389)
Payable to ODRC, July 1	(31)	
Sub-Total	12,432	12,432
501 Cash Receipts	2,272,288	2,063,164
Interest	19	31
Budgetary Basis Disbursements	(2,272,288)	(2,063,164)
Amount Subject to Refund, June 30	12,451	12,463
Up to One-Twelfth of 501 Award Reserve	(12,432)	(12,432)
Refundable to ODRC (interest)	\$19	\$31

Calculation of Payable to ODRC		
	2010	2009
Payable, July 1	\$31	\$389
Cash Refunded		(389)
Refundable to ODRC, June 30	19	31
Payable, June 30	\$50	\$31

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

5. RETIREMENT SYSTEM

The employees of the Community Based Correctional Facility are not members of the Ohio Public Employee Retirement System. All employees contribute to Social Security.

6. RISK MANAGEMENT

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

The Community Based Correctional Facility is not currently a defendant in any lawsuits.

8. RELATED PARTY TRANSACTION

The Facility paid Oriana House, Inc. annual rentals of \$8,400 for both fiscal years 2010 and 2009.

9. ADVANCES IN FROM/OUT TO AGENCY

During fiscal years 2010 and 2009, funds were advanced from the managing nonprofit agency to the Facility's checking account on an "as needed" basis, due to delays in receiving quarterly funding from the State or the County. These advances were used to cover payroll, benefits, various expenses and outstanding checks. The amount needed to fund the Facility checking account was determined by reconciliation and cash needs analysis on the Facility checking account. When the quarterly funding was received, the advances were repaid.

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Mary Taylor, CPA

Auditor of State

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

CROSSWAEH Community Based Correctional Facility
Seneca County
4064 East State Route 18
Tiffin, Ohio 44883

To the Members of the Facility Governing Board:

We have audited the financial statements of the CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio, (the Facility) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated December 13, 2010, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Facility's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Facility's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Facility's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Facility's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Facility's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated December 13, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 13, 2010



Dave Yost • Auditor of State

CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 8, 2011**