



**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2006-2005



Mary Taylor, CPA
Auditor of State

**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 Facility's 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 a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally 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 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 the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 16, 2007

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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 Facility's Governing Board:

We have audited the accompanying financial statements of CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio, (the Facility) as of and for the years ended June 30, 2006 and 2005. 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.

Revisions to GAAP would require the Facility to reformat its financial statement presentation and make other changes effective for the years ended June 30, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Facility has elected not to reformat its statements. Since this Facility does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Rehabilitation and Corrections permits. 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, 2006 and 2005 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, 2006 and 2005, 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 combined fund cash balances of the CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio, as of June 30, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Facility to include Management's Discussion and Analysis for the years ended June 30, 2006 and 2005. 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 February 16, 2007, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 16, 2007

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
CROSSWAH COMMUNITY BASED CORRECTIONAL FACILITY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2006**

	State Appropriations and Grants				Offender Funds						GRAND TOTALS	
	ODRC 501-501	Capital CAP 003	Oriana House Subsidy	PROGRAM TOTALS	Offender Per Diem	Offender Personal Funds	Telephone Commissions	Cab/ Bus	Other/ Misc.	OFFENDER TOTALS		
Cash Receipts:												
Intergovernmental				\$ 2,088,940								\$ 2,088,940
Collections from offenders	\$1,652,164	\$436,776			\$24,134	\$74,688	\$5,076	\$22,675	\$26,422		\$147,919	147,919
Commissions											5,076	5,076
Subsidy			\$263,274	263,274								263,274
Total Cash Receipts	1,652,164	436,776	263,274	2,352,214	24,134	74,688	5,076	22,675	26,422		152,995	2,505,209
Cash Disbursements:												
Personnel	1,232,765		172,476	1,405,241								1,405,241
Operating costs	335,445		57,040	392,485			7,345				7,345	399,830
Program costs	61,196		18,963	80,159								80,159
Equipment	22,758		15,222	37,980								37,980
Capital project		436,776		436,776								436,776
Offender Expenses												
Offender legal obligations					18,373	77,397		22,521			95,770	95,770
Offender reimbursements											42,094	42,094
Offender payments to CBCF												
Total Cash Disbursements	1,652,164	436,776	263,701	2,352,641	18,373	77,397	7,345	22,521	19,573		145,209	2,497,850
Disbursements from prior FY (Including refund to ODRC)	16,901		21,003	37,904								37,904
Other Sources (Uses)												
Interest	183			183								183
Advance in from Agency	430,000			430,000								430,000
Advance (out) to Agency	(430,000)			(430,000)								(430,000)
Total Other Sources (Uses)	183			183								183
Total Receipts Over/(Under) Disbursements	(16,718)		(21,430)	(38,148)	5,761	(2,709)	(2,269)	154	6,849		7,786	(30,362)
Fund Cash Balances, July 1, 2005	29,306			29,306	(1,751)	7,835	(1,723)		\$7,268		11,629	40,935
Fund Cash Balances, June 30, 2006	12,588		(21,430)	(\$8,842)	\$4,010	\$5,126	(\$3,992)	\$154	\$14,117		\$19,415	\$10,573
Unpaid Obligations/Open Purchase Orders	\$183		\$48,846	\$49,029								

See the accompanying notes to the financial statements.

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
CROSSWAH COMMUNITY BASED CORRECTIONAL FACILITY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2005**

	State Appropriations and Grants				Offender Funds						GRAND TOTALS	
	ODRC 501-501	Capital CAP 003	Oriana House Subsidy	PROGRAM TOTALS	Offender Per Diem	Offender Personal Funds	Telephone Commissions	Cab/ Bus	Other/ Misc.	OFFENDER TOTALS		
Cash Receipts:												
Intergovernmental Collections from offenders Commissions Subsidy	\$1,636,164	\$55,847	\$248,631	\$ 1,692,011	\$22,888	\$93,723	\$93	\$20,979	\$16,500	\$154,090	\$ 1,692,011	154,090
Total Cash Receipts	1,636,164	55,847	248,631	1,940,642	22,888	93,723	93	20,979	16,500	154,183	2,094,825	2,094,825
Cash Disbursements:												
Personnel	1,143,186		234,768	1,377,954							1,377,954	383,139
Operating costs	377,679		5,460	383,139							383,139	97,563
Program costs	89,160		8,403	97,563							97,563	9,300
Equipment	9,300			9,300							9,300	55,847
Capital project		55,847		55,847							55,847	
Offender Expenses												
Offender legal obligations					34,228	90,445	1,243	20,979	11,466	125,916	125,916	32,445
Offender reimbursements												
Offender payments to CBCF												
Total Cash Disbursements	1,619,325	55,847	248,631	1,923,803	34,228	90,445	1,243	20,979	11,466	158,361	2,082,164	2,082,164
Disbursements from prior FY (Including refund to ODRC)	12,633		452,711	465,344							465,344	
Other Sources (Uses)												
Interest	62			62							62	
Advance in from Agency	400,000		50,460	450,460							450,460	
Advance (out) to Agency	(400,000)			(400,000)							(400,000)	
Total Other Sources (Uses)	62		50,460	50,522							50,522	
Total Receipts Over/(Under) Disbursements	4,268		(402,251)	(397,983)	(11,340)	3,278	(1,150)	5,034		(4,178)	(402,161)	
Fund Cash Balances, July 1, 2004	25,038		402,251	427,289	9,589	4,557	(573)	\$2,234		15,807	443,096	
Fund Cash Balances, June 30, 2005	29,306			\$29,306	(\$1,751)	\$7,835	(\$1,723)	\$7,268		\$11,629	\$40,935	
Unpaid Obligations/Open Purchase Orders	\$16,901		\$21,003	\$37,904								

See the accompanying notes to the financial statements.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005**

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 72, and 66 offenders as of June 30, 2006 and 2005, respectively. The Judicial Corrections Board administers the Facility. The Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties.

Crawford	Richland	Ottawa
Sandusky	Seneca	Wyandot
Ashland	Erie	Huron

The Judicial Corrections Board has contracted Facility operation responsibilities to Oriana House, Inc., a non profit organization. Oriana House is responsible for essentially all management decisions related to the Facility, subject to the Judicial Correction 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.

Budgetary expenditures include amounts disbursed through the following September 30 but chargeable against the preceding year's budget.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

At June 30, 2006 and 2005, the carrying value of the Facility's cash fund balances were \$10,573 and \$40,935, respectively.

All cash is held in demand deposit accounts in the Facility's name.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(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.

Other Sources

Other sources consist of fiscal support provided by the managing nonprofit agency in excess of the costs financed by the 501-501 funding.

Offender Funds

Offender Per Diem: 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).

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 benefiting 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, 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.

Cab/Bus: Reports amounts reimbursed by offenders for cab and bus fees incurred by the facility on their behalf.

Other/Miscellaneous: Vending Machines, Litter pick-up

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(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 Judicial Corrections Board.

A summary of fiscal years 2006 and 2005 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 not 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 2006 and 2005 are as follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,652,164	\$1,652,164	

2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,636,164	\$1,636,164	

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

The Facility has Federal Deposit Insurance Corporation (FDIC) coverage for up to \$100,000 of its demand deposit accounts. Excess deposits are uncollateralized.

Offender Funds

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$100,000 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, 2006 and 2005. 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		
	2006	2005
Cash, July 1	\$29,306	\$25,038
Disbursements Against Prior Year Budget	(16,839)	(12,633)
Payable to ODRC, July 1	(62)	
Sub-Total	12,405	12,405
501 Cash Receipts	1,652,347	1,636,226
Budgetary Basis Disbursements	(1,652,164)	(1,636,164)
Amount Subject to Refund, June 30	12,588	12,467
Up to One-Twelfth of 501 Award Reserve	(12,405)	(12,405)
Refundable to ODRC	\$183 *	\$62 *

Calculation of Payable to ODRC		
	2006	2005
Payable, July 1	\$62	
Cash Refunded	(62)	
Refundable to ODRC, June 30	183	62
Payable, June 30	\$183	\$62

* Interest earnings due to ODRC.

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.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

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 2006 and 2005.

9. ADVANCES IN FROM/OUT TO AGENCY

During fiscal years 2006 and 2005, 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 daily reconciliation and cash needs analysis on the Facility checking account. When the quarterly funding was received, the advances were repaid.

10. SUBSEQUENT EVENT

Ohio General Assembly House Bill (HB) 162 passed October 12, 2006, revised the Facility's Board from the Judicial Corrections Board to the Facility's Governing Board. The Facility's Governing Board will consist of at least six members, serving three-year terms. Two-thirds of the members will be appointed by a judicial advisory board comprised of common pleas court judges of participating counties and remaining one-third will be appointed by the County Commissioners of participating counties.

CROSSWAEH's Board is comprised of 6 members from the Counties of Sandusky (one member), Ashland (one member), Seneca (three members), and Huron (one member).

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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 Facility's Governing Board:

We have audited the financial statements of CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio, (the Facility) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated February 16, 2007, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Facility's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Facility's management dated February 16, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*. In a separate letter to the Facility's management dated February 16, 2007, we reported other matters related to noncompliance we deemed immaterial.

CROSSWAEH Community Based Correctional Facility
Seneca County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the Facility's Governing Board, and the Ohio Department of Rehabilitation and Corrections. It is not intended for anyone 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

February 16, 2007

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Material Non-compliance: Expenditures Not in Accordance with Grant Agreement – \$16,797 of expenditures were noted which did not appear to be in accordance with the Ohio Department and Rehabilitation (ODRC) grant manual and application.	No	Lower rate of noncompliance noted. Comment repeated in management letter
2004-002	Material Weakness: Financial Reporting and Compilation Practices – The financial reporting practices used to account for the Facility's financial statements were insufficient for management to produce readily available financial statements for the Facility on the cash basis of accounting requested by the ODRC.	Yes	



Mary Taylor, CPA
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
APRIL 5, 2007**