



**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2008-2007**



**Mary Taylor, CPA**  
Auditor of State



**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY  
SENECA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances For the Year Ended June 30, 2008.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances For the Year Ended June 30, 2007.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13

**This page intentionally left blank.**



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 Judicial Advisory Board and 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

February 19, 2009

**This page intentionally left blank.**



# 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 Judicial Advisory Board and 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, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007 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, Ohio, as of June 30, 2008 and 2007, 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 February 19, 2009, 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 19, 2009



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, 2008**

	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		
<b>Cash Receipts:</b>												
Intergovernmental Collections from offenders	\$1,976,164	\$95,383		\$2,071,547	\$8,640	\$42,719	\$4,040	\$22,255	\$140,996	\$214,610	\$2,071,547	\$2,071,547
Commissions Subsidy			\$294,041	294,041						4,040	214,610	214,610
Total Cash Receipts	1,976,164	95,383	294,041	2,365,588	8,640	42,719	4,040	22,255	140,996	218,650	2,584,238	2,584,238
<b>Cash Disbursements:</b>												
Personnel	1,419,878		188,309	1,608,187			646			646	1,608,187	1,608,187
Operating costs	469,025		62,571	531,596							532,242	532,242
Program costs	87,126		102,137	189,263							189,263	189,263
Equipment	135			135							135	135
Capital project		95,383		95,383							95,383	95,383
Offender Expenses												
Offender legal obligations					13,482	41,966		22,255		55,448	55,448	55,448
Offender reimbursements										161,570	161,570	161,570
Offender payments to CBCF												
Total Cash Disbursements	1,976,164	95,383	353,017	2,424,564	13,482	41,966	646	22,255	139,315	217,664	2,642,228	2,642,228
Disbursements from prior FY (Including refund to ODRC)												-
Other Sources (Uses)												
Interest	149			149							149	149
Advance in from Agency	200,000			200,000							200,000	200,000
Advance (out) to Agency	(200,000)			(200,000)							(200,000)	(200,000)
Total Other Sources (Uses)	149			149							149	149
Total Receipts Over/(Under) Disbursements	149		(58,976)	(58,827)	(4,842)	753	3,394		1,681	986	(57,841)	(57,841)
Fund Cash Balances, July 1, 2007	12,672		205,438	218,110	11,741	3,895	(3,017)		\$4,026	16,645	234,755	234,755
Fund Cash Balances, June 30, 2008	\$12,821		\$146,462	\$159,283	\$6,899	\$4,648	\$377	\$0	\$5,707	\$17,631	\$176,914	\$176,914
Unpaid Obligations/Open Purchase Orders	\$389		\$146,462	\$146,851								

See the accompanying notes to the financial statements.

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED JUNE 30, 2007**

	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		
<b>Cash Receipts:</b>												
Intergovernmental				\$ 3,709,943								\$ 3,709,943
Collections from offenders	\$1,916,164	\$ 1,793,779			\$19,015	\$53,768	\$975	\$20,599	\$18,419	\$111,801		111,801
Commissions										975		975
Subsidy			\$380,790									380,790
Total Cash Receipts	1,916,164	1,793,779	380,790	4,090,733	19,015	53,768	975	20,599	18,419	112,776		4,203,509
<b>Cash Disbursements:</b>												
Personnel	1,149,212		94,833	1,244,045								1,244,045
Operating costs	473,567		24,007	497,574								497,574
Program costs	93,925		9,051	102,976								102,976
Equipment	199,433			199,433								199,433
Capital project		1,793,779		1,793,779								1,793,779
Offender Expenses												
Offender legal obligations					11,284	54,999		20,753	28,510	66,283		66,283
Offender reimbursements										49,263		49,263
Offender payments to CBCF												
Total Cash Disbursements	1,916,137	1,793,779	127,891	3,837,807	11,284	54,999	-	20,753	28,510	115,546		3,953,353
Disbursements from prior FY (including refund to ODRC)	183		26,031	26,214								26,214
Other Sources (Uses)												
Interest	240			240								240
Advance in from Agency	490,000			490,000								490,000
Advance (out) to Agency	(490,000)			(490,000)								(490,000)
Total Other Sources (Uses)	240		-	240								240
Total Receipts Over/(Under) Disbursements	84		226,868	226,952	7,731	(1,231)	975	(154)	(10,091)	(2,770)		224,182
Fund Cash Balances, July 1, 2006	12,588		(21,430)	(8,842)	4,010	5,126	(3,992)	\$154	\$14,117	19,415		10,573
Fund Cash Balances, June 30, 2007	\$12,672		\$205,438	\$218,110	\$11,741	\$3,895	(\$3,017)	\$0	\$4,026	\$16,645		\$234,755
Unpaid Obligations/Open Purchase Orders	\$240		\$205,438	\$205,678								

See the accompanying notes to the financial statements.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**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 76, and 69 offenders as of June 30, 2008 and 2007, 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

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.

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, 2008 and 2007, the carrying value of the Facility's cash fund balances were \$176,914 and \$234,755, 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, 2008 AND 2007  
(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 / bus and medical co-pay 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, 2008 AND 2007  
(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 2008 and 2007 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 2008 and 2007 are as follows:

2008 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,976,164	\$1,976,164	

2007 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,916,164	\$1,916,137	\$27

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(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, 2008 and 2007. 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		
	2008	2007
Cash, July 1	\$12,672	\$12,588
Payable to ODRC, July 1	(240)	(183)
Sub-Total	12,432	12,405
501 Cash Receipts	1,976,164	1,916,164
Interest	149	240
Budgetary Basis Disbursements	(1,976,164)	(1,916,137)
Amount Subject to Refund, June 30	12,581	12,672
Up to One-Twelfth of 501 Award Reserve	(12,432)	(12,432)
Refundable to ODRC	\$149	\$240

Calculation of Payable to ODRC		
	2008	2007
Payable, July 1	\$240	\$183
Cash Refunded	0	(183)
Refundable to ODRC, June 30	149	240
Payable, June 30	\$389	\$240

**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, 2008 AND 2007  
(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 Facility is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, the Facility's counsel believes the resolution of these matters will not materially adversely affect the Facility's financial condition.

**8. RELATED PARTY TRANSACTION**

The Facility paid Oriana House, Inc. annual rentals of \$8,400 for both fiscal years 2008 and 2007.

**9. ADVANCES IN FROM/OUT TO AGENCY**

During fiscal years 2008 and 2007, 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.

**This page intentionally left blank.**





# 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 Judicial Advisory Board and 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, 2008 and 2007, and have issued our report thereon dated February 19, 2009, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitations 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Facility's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Facility's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Facility's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted a certain matter that we reported to the Facility's management in a separate letter dated February 19, 2009.

#### **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 noncompliance or other matters that we reported to the Facility's management in a separate letter dated February 19, 2009.

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

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

**Mary Taylor, CPA**  
Auditor of State

February 19, 2009



**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 14, 2009**