



Dave Yost • Auditor of State

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances For the Year Ended June 30, 2012.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances For the Year Ended June 30, 2011.....	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.



Dave Yost • Auditor of State

CROSSWAEH Community Based Correctional Facility
Seneca County
3055 South SR 100
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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 5, 2013

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

CROSSWAEH Community Based Correctional Facility
Seneca County
3055 South SR 100
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, 2012 and 2011. 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, 2012 and 2011 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, 2012 and 2011, 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 as of June 30, 2012 and 2011 and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2013, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 5, 2013

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
 CROSSWAHEH COMMUNITY BASED CORRECTIONAL FACILITY
 SENECA COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 FOR THE YEAR ENDED JUNE 30, 2012

	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.	OFFENDER TOTALS	
Cash Receipts:									
Intergovernmental	\$ 2,516,788		\$ 2,516,788						\$ 2,516,788
Collections from offenders				\$ 5,592	\$ 44,946	\$ 824	\$ 127,470	\$ 178,832	178,832
Subsidy	27,003	\$ 21,935	48,938						48,938
Total Cash Receipts	<u>2,543,791</u>	<u>21,935</u>	<u>2,565,726</u>	<u>5,592</u>	<u>44,946</u>	<u>824</u>	<u>127,470</u>	<u>178,832</u>	<u>2,744,558</u>
Cash Disbursements:									
Personnel	1,758,329	21,935	1,780,264						1,780,264
Operating costs	584,335		584,335						584,335
Program costs	65,025		65,025						65,025
Equipment	9,616		9,616						9,616
Offender Expenses									
Offender legal obligations					4,497			4,497	4,497
Offender reimbursements				4,173			119,946	124,119	124,119
Offender savings paid at exit					40,224			40,224	40,224
Total Cash Disbursements	<u>2,417,305</u>	<u>21,935</u>	<u>2,439,240</u>	<u>4,173</u>	<u>44,721</u>		<u>119,946</u>	<u>168,840</u>	<u>2,608,080</u>
Disbursements from prior FY (Including refund to ODRC)	36,271		36,271						36,271
Other Sources (Uses)									
Interest earned	17		17						17
Total Other Sources (Uses)	<u>17</u>		<u>17</u>						<u>17</u>
Total Receipts Over/(Under) Disbursements	90,232		90,232	1,419	225	824	7,524	9,992	100,224
Fund Cash Balances (Deficit), July 1, 2011	203,643		203,643	(2,172)	4,550	315	5,855	8,548	212,191
Fund Cash Balances (Deficit), June 30, 2012	<u>\$ 293,875</u>		<u>\$ 293,875</u>	<u>\$ (753)</u>	<u>\$ 4,775</u>	<u>\$ 1,139</u>	<u>\$ 13,379</u>	<u>\$ 18,540</u>	<u>\$ 312,415</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 281,443</u>		<u>\$ 281,443</u>						

See the accompanying notes to the financial statements.

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
 CROSSWAHEH COMMUNITY BASED CORRECTIONAL FACILITY
 SENECA COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 FOR THE YEAR ENDED JUNE 30, 2011

	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.	OFFENDER TOTALS	
Cash Receipts:									
Intergovernmental	\$ 2,306,788		\$ 2,306,788						\$ 2,306,788
Collections from offenders				\$ 4,720	\$ 42,997	\$ 1,119	\$ 108,782	\$ 157,618	157,618
Commissions	8,500		8,500						8,500
Subsidy	145,288	\$171,075	316,363						316,363
Total Cash Receipts	2,460,576	171,075	2,631,651	4,720	42,997	1,119	108,782	157,618	2,789,269
Cash Disbursements:									
Personnel	1,703,432	171,075	1,874,507			1,000	7,500	8,500	1,883,007
Operating costs	623,013		623,013						623,013
Program costs	81,057		81,057						81,057
Offender Expenses									
Offender legal obligations					5,681			5,681	5,681
Offender reimbursements				6,013			101,332	107,345	107,345
Offender savings paid at exit					35,871			35,871	35,871
Total Cash Disbursements	2,407,502	171,075	2,578,577	6,013	41,552	1,000	108,832	157,397	2,735,974
Disbursements from prior FY (Including refund to ODRC)	(96,092)	97,998	1,906						1,906
Other Sources (Uses)									
Interest earned	19		19						19
Advance in from Agency	750,000		750,000						750,000
Advance (out) to Agency	(750,000)		(750,000)						(750,000)
Total Other Sources (Uses)	19		19						19
Total Receipts Over/(Under) Disbursements	149,185	(97,998)	51,187	(1,293)	1,445	119	(50)	221	51,408
Fund Cash Balances (Deficit), July 1, 2010	54,458	97,998	152,456	(879)	3,105	196	5,905	8,327	160,783
Fund Cash Balances (Deficit), June 30, 2011	\$ 203,643		\$ 203,643	\$ (2,172)	\$ 4,550	\$ 315	\$ 5,855	\$ 8,548	\$ 212,191
Unpaid Obligations/Open Purchase Orders	\$ 191,212		\$ 191,212						

See the accompanying notes to the financial statements.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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 93, and 78 offenders as of June 30, 2012 and 2011, 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, 2012 and 2011, 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.

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 the Ohio Department of Rehabilitation and Corrections requires.

C. Cash

At June 30, 2012 and 2011, the carrying value of the Facility's cash fund balances were \$312,415 and \$212,191, respectively.

During 2012 and 2011, cash is held in demand deposits, a money market account and petty cash.

D. Fund Accounting

The Facility uses fund accounting to segregate amounts that are restricted as to use.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

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.

Oriana House Subsidy

The Oriana House Subsidy consists of fiscal support provided by the managing nonprofit agency 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: Reports 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.

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 2012 and 2011 budgetary activity appears in Note 2.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

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 2012 and 2011 are as follows:

2012 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$ 2,516,788	\$ 2,516,788	\$ -
2011 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$ 2,306,788	\$ 2,306,788	\$ -

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.

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

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, 2012 and 2011. 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		
	2012	2011
Cash, July 1	\$ 203,643	\$ 54,458
Disbursements Against Prior Year Budget	(36,271)	96,092
Subsidy Receipts	27,003	-
Cash Refunded to ODRC, July 1 Payables	-	-
Sub-Total	<u>194,375</u>	<u>150,550</u>
501 Cash Receipts	2,516,788	2,306,788
Interest	17	19
Budgetary Basis Disbursements	(2,516,788)	(2,306,788)
Increase in Contingent Benefit Liability	9,620	7,844
Increase in Reserved for Comp. Absences	<u>20,655</u>	<u>35,964</u>
Amount Subject to Refund, June 30	224,667	194,377
Reserve for Comp. Absences	(185,112)	(164,458)
Reserve for Contingent Benefit Liability	(27,037)	(17,418)
Payable to State from Prior Years	(69)	(50)
Up to One-Twelfth of 501 Award Cash Reserve	<u>(12,432)</u>	<u>(12,432)</u>
Refundable to ODRC	<u>\$ 17</u>	<u>\$ 19</u>
Calculation of Payable to ODRC		
	2012	2011
Payable, July 1	\$ 69	\$ 50
Cash Refunded	-	-
Refundable to ODRC, June 30	<u>17</u>	<u>19</u>
Payable, June 30	<u>\$ 86</u>	<u>\$ 69</u>

**CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

5. RESERVE FOR COMPENSATED ABSENCES AND CONTINGENT BENEFIT LIABILITY

During fiscal year 2005, the Facility received permission from the Ohio Department of Rehabilitation and Corrections to accrue employee vacation and sick leave as grant expenditures at the time the leave was earned and to reduce the accrual balance when leave is used. At June 30, 2012 and 2011, \$185,112 and \$164,458, respectively, was included in the 501-501 Fund Cash Balance for this reserve.

During fiscal year 2009 the facility began recognizing the retention plan for key employees on a monthly basis when the benefits are earned; and reduce the liability when the benefits are paid. Prior to this, the expense was recognized by the facility when paid. At June 30, 2012 and 2011, \$27,037 and \$17,418, respectively, was included in the 501-501 Fund Cash Balance for this reserve as a Contingent Benefit Liability.

6. 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.

7. RISK MANAGEMENT

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

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

9. RELATED PARTY TRANSACTION

The Facility paid Oriana House, Inc. annual rentals of \$10,200 and \$8,400 for fiscal years 2012 and 2011.

10. ADVANCES IN FROM/OUT TO AGENCY

During fiscal year 2011, 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.



Dave Yost • 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
3055 South SR 100
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, 2012 and 2011, and have issued our report thereon dated February 5, 2013, 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 February 5, 2013.

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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 5, 2013



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 26, 2013**