

***CROSSWAEH COMMUNITY BASED CORRECTIONAL
FACILITY***

SENECA COUNTY, OHIO

AUDIT REPORT

For the Years Ended June 30, 2018 and 2017



OHIO AUDITOR OF STATE KEITH FABER



Facility Governing Board
CROSSWAEH Community Based Correctional Facility
3055 South State Route 100
Tiffin, Ohio 44883

We have reviewed the *Independent Auditor's Report* of the CROSSWAEH Community Based Correctional Facility, Seneca County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2016 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The CROSSWAEH Community Based Correctional Facility is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2019

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CROSSWAEH COMMUNITY BASED CORRECTIONAL FACILITY
SENECA COUNTY, OHIO
Audit Report
For the years ended June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

CROSSWAEH Community Based Correctional Facility
Seneca County
3055 South State Route 100
Tiffin, Ohio 44883

To the Members of the Facility Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio (the Facility), as of and for the years ended June 30, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Correction permits; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Facility prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Rehabilitation and Correction, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Facility does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Rehabilitation and Correction permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

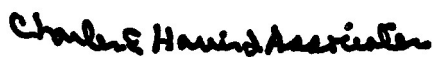
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio, as of June 30, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Correction permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, on our consideration of the Facility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Facility's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
January 14, 2019

*Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balances
For the Year Ended June 30, 2018*

	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	\$ 2,697,462	\$ -	\$ 2,697,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,697,462
Receipts for offenders	-	-	-	-	157,158	-	-	157,158	157,158
Collections from offenders	-	-	-	29,018	-	-	16,577	45,595	45,595
Commissions	-	6,953	6,953	-	-	5,490	23,492	28,982	35,935
Total Cash Receipts	2,697,462	6,953	2,704,415	29,018	157,158	5,490	40,069	231,735	2,936,150
Cash Disbursements:									
Personnel	1,809,711	84,092	1,893,803	-	-	-	5,110	5,110	1,898,913
Operating costs	655,740	32,159	687,899	-	-	-	-	-	687,899
Program costs	67,213	5,335	72,548	5,685	-	-	21,684	27,369	99,917
Equipment	21,274	-	21,274	-	-	-	1,843	1,843	23,117
Offender Disbursements:									
Offender legal obligations	-	-	-	-	7,687	-	-	7,687	7,687
Offender payments to CBCF	-	-	-	-	71,894	-	-	71,894	71,894
Offender savings paid at exit	-	-	-	-	76,744	-	-	76,744	76,744
Total Cash Disbursements	2,553,938	121,586	2,675,524	5,685	156,325	-	28,637	190,647	2,866,171
Disbursements from prior FY (Including refund to ODRC)	218,012	-	218,012	-	-	-	-	-	218,012
Total Receipts Over/(Under) Disbursements	(74,488)	(114,633)	(189,121)	23,333	833	5,490	11,432	41,088	(148,033)
Fund Cash Balances, July 1	424,744	(6,953)	417,791	25,761	5,121	11,405	69,186	111,473	529,264
Fund Cash Balances, June 30	<u>\$ 350,256</u>	<u>\$ (121,586)</u>	<u>\$ 228,670</u>	<u>\$ 49,094</u>	<u>\$ 5,954</u>	<u>\$ 16,895</u>	<u>\$ 80,618</u>	<u>\$ 152,561</u>	<u>\$ 381,231</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 273,462</u>								

The notes to the financial statements are an integral part of this statement.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 1 – Reporting Entity

The CROSSWAEH Community Based Correctional Facility (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 95 offenders as of June 30, 2018. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the counties the Facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Board is comprised of nine members serving three year terms. The Facility serves the following counties:

Crawford County	Richland County	Ottawa County
Sandusky County	Seneca County	Wyandot County
Ashland County	Erie County	Huron County

For the year ended June 30, 2018, the financial statement presents all funds related to the Facility.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Facility are presented below:

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 reports fiscal support provided by the managing nonprofit agency in excess of 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).

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

Other/Miscellaneous Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code § 2301.58.

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

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.

Encumbrances Disbursements from State appropriations and Grants are subject to the purchasing guidelines approved by the Facility's Governing Board. The budgetary disbursement amounts reported in Note 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2018 budgetary activity appears in Note 3.

Deposits

Oriana House is the custodian of the Facility's grant funds and State appropriations. Oriana House holds these Facility assets in demand deposit accounts, valued at the reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2018 follows:

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Appropriation Authority	Budgetary Disbursements	Variance	
\$ 2,697,462	\$ 2,697,462	\$	-

Note 4 – Collateral on Deposits

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The Facility had no uncollateralized amounts at June 30, 2018.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 5 – 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 year ending June 30. 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. The Facility refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC	
	2018
Cash, July 1	\$ 417,791
Disbursements Against Prior Year Budget	(218,012)
Payable to ODRC, July 1	-
Sub-Total	199,778
501 Cash Receipts	2,697,462
Budgetary Basis Disbursements	(2,697,462)
Other Receivable - OHI	9,871
Change in Contingent Benefit Liability	1,201
Change in Reserve for Comp Absences	(27,826)
Amount Subject to Refund, June 30	183,024
Contingent Benefit Liability, June 30	(13,007)
Bureau of Workers Comp	(1,594)
Reserve for Comp Absences, June 30	(106,160)
Payable to ODRC from prior year	(44)
One-Twelfth of 501 Award	(224,789)
Refundable to ODRC	\$ (162,570)

Note 6 – Risk Management

The Facility has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 7 – Defined Benefit Pension Plans

Social Security

All of the Facility's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Facility contributed an amount equal to 6.2% of participants' gross salaries. The Facility has paid all contributions required through June 30, 2018.

Note 8 – Contingent Liabilities

The Facility may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, the Facility's counsel believes the resolution of any matter will not materially adversely affect the Facility's financial condition.

Note 9 – Related Party Transaction

The Facility paid rent to Oriana House totaling \$12,048 during the year ended June 30, 2018.

Note 10 – Advances In From/Out To Agency

Cash advances from the managing nonprofit agency are made to the Facility's checking account on an "as needed" basis, due to delays in receiving quarterly funding from the State of the County. These advances are used to cover payroll, benefits, various expenses and outstanding checks. The amount needed to fund the Facility checking account is determined by reconciliation and cash needs analysis on the Facility checking account. When the quarterly funding is received, the advances are repaid. During the fiscal year 2018, there was one fund advance.

Note 11 – 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, 2018, \$106,160 was included in the 501-501 Fund Cash Balance for this reserve.

During fiscal year 2009, the Facility began accruing a liability for the retention plan for key employees on a monthly basis when the benefits are earned; and reducing the liability when benefits are paid. Prior to this, the expense was recognized by the Facility when paid. At June 30, 2018, \$13,007 was included in the 501-501 Fund Cash Balance for this reserve.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balances
For the Year Ended June 30, 2017

	State Appropriations and Grants			Offender Funds					
	ODRC 501-501	Oriana House Subsidy	Program Totals	Resident Program Fund	Offender Personal Funds	Resident Funds Allowable Costs	Other/ Misc.	Offender Totals	Grand Totals
Cash Receipts:									
Intergovernmental	\$ 2,679,912	\$ -	\$ 2,679,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,679,912
Receipts for offenders	-	-	-	-	129,620	-	-	129,620	129,620
Collections from offenders	-	-	-	21,188	-	-	16,456	37,644	37,644
Commissions	-	10,420	10,420	-	-	3,398	33,983	37,381	47,801
Total Cash Receipts	2,679,912	10,420	2,690,332	21,188	129,620	3,398	50,439	204,645	2,894,977
Cash Disbursements:									
Personnel	1,697,594	5,110	1,702,704	-	-	-	-	-	1,702,704
Operating costs	659,034	-	659,034	-	-	-	-	-	659,034
Program costs	70,931	-	70,931	16,662	-	-	27,166	43,828	114,759
Equipment	8,618	1,843	10,461	-	-	-	-	-	10,461
Offender Disbursements:									
Offender legal obligations	-	-	-	-	6,103	-	-	6,103	6,103
Offender payments to CBCF	-	-	-	-	53,498	-	-	53,498	53,498
Offender savings paid at exit	-	-	-	-	69,698	-	-	69,698	69,698
Total Cash Disbursements	2,436,177	6,953	2,443,130	16,662	129,299	-	27,166	173,127	2,616,257
Disbursements from prior FY (Including refund to ODRC)	92,949	-	92,949	-	-	-	-	-	92,949
Total Receipts Over/(Under) Disbursements	150,786	3,467	154,253	4,526	321	3,398	23,273	31,518	185,771
Fund Cash Balances, July 1	273,958	(10,420)	263,538	21,235	4,800	8,007	45,913	79,955	343,493
Fund Cash Balances, June 30	<u>\$ 424,744</u>	<u>\$ (6,953)</u>	<u>\$ 417,791</u>	<u>\$ 25,761</u>	<u>\$ 5,121</u>	<u>\$ 11,405</u>	<u>\$ 69,186</u>	<u>\$ 111,473</u>	<u>\$ 529,264</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 365,442</u>								

The notes to the financial statements are an integral part of this statement.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 1 – Reporting Entity

The CROSSWAEH Community Based Correctional Facility (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 91 offenders as of June 30, 2017. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the counties the Facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Board is comprised of nine members serving three year terms. The Facility serves the following counties:

Crawford County	Richland County	Ottawa County
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For the year ended June 30, 2017, the financial statement presents all funds related to the Facility.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Facility are presented below:

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 reports fiscal support provided by the managing nonprofit agency in excess of 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).

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

Other/Miscellaneous Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code § 2301.58.

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

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.

Encumbrances Disbursements from State appropriations and Grants are subject to the purchasing guidelines approved by the Facility's Governing Board. The budgetary disbursement amounts reported in Note 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2017 budgetary activity appears in Note 3.

Deposits

Oriana House is the custodian of the Facility's grant funds and State appropriations. Oriana House holds these Facility assets in demand deposit accounts, valued at the reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2017 follows:

<u>2017 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
<u>Appropriation</u>	<u>Budgetary</u>	
<u>Authority</u>	<u>Disbursements</u>	<u>Variance</u>
\$ 2,679,912	\$ 2,673,901	\$ 6,011

Note 4 – Collateral on Deposits

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The Facility had no uncollateralized amounts at June 30, 2017.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 5 – 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 year ending June 30. 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. The Facility refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC	
	2017
Cash, July 1	\$ 263,538
Disbursements Against Prior Year Budget	(92,949)
Payable to ODRC, July 1	(25)
Sub-Total	170,564
501 Cash Receipts	2,679,912
Budgetary Basis Disbursements	(2,673,901)
Change in Contingent Benefit Liability	4,153
Change in Reserve for Comp Absences	(11,236)
Amount Subject to Refund, June 30	169,492
Contingent Benefit Liability, June 30	(11,806)
Reserve for Comp Absences, June 30	(133,986)
One-Twelfth of 501 Award	(223,326)
Refundable to ODRC	\$ (199,626)

Note 6 – Risk Management

The Facility has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
CROSSWAEH Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 7 – Defined Benefit Pension Plans

Social Security

All of the Facility's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Facility contributed an amount equal to 6.2% of participants' gross salaries. The Facility has paid all contributions required through June 30, 2017.

Note 8 – Contingent Liabilities

The Facility may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, the Facility's counsel believes the resolution of any matter will not materially adversely affect the Facility's financial condition.

Note 9 – Related Party Transaction

The Facility paid rent to Oriana House totaling \$12,132 during the year ended June 30, 2017.

Note 10 – Advances In From/Out To Agency

Cash advances from the managing nonprofit agency are made to the Facility's checking account on an "as needed" basis, due to delays in receiving quarterly funding from the State of the County. These advances are used to cover payroll, benefits, various expenses and outstanding checks. The amount needed to fund the Facility checking account is determined by reconciliation and cash needs analysis on the Facility checking account. When the quarterly funding is received, the advances are repaid. During the fiscal year 2017, there were three fund advances.

Note 11 – 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, 2017, \$133,986 was included in the 501-501 Fund Cash Balance for this reserve.

During fiscal year 2009, the Facility began accruing a liability for the retention plan for key employees on a monthly basis when the benefits are earned; and reducing the liability when benefits are paid. Prior to this, the expense was recognized by the Facility when paid. At June 30, 2017, \$11,806 was included in the 501-501 Fund Cash Balance for this reserve.

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

CROSSWAEH Community Based Correctional Facility
Seneca County
3055 South State Route 100
Tiffin, Ohio 44883

To the Members of the Facility Governing Board:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts and disbursements by fund type of the CROSSWAEH Community Based Correctional Facility, Seneca County, Ohio (the Facility) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated January 14, 2019, wherein we noted the Facility followed financial reporting provisions the Ohio Department of Rehabilitation and Correction permits.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Facility's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Facility's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported 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 January 14, 2019.

Purpose of this Report

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

Charles Harris Associates

Charles E. Harris & Associates, Inc.
January 14, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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
MARCH 19, 2019**