

**CORRECTIONS COMMISSION OF
NORTHWEST OHIO**

WILLIAMS COUNTY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013



Dave Yost • Auditor of State

Members of the Commission
Corrections Commission of Northwest Ohio
3151 County Road 2425
Route 1, Box 100-A
Stryker, OH 43557

We have reviewed the *Independent Auditor's Report* of the Corrections Commission of Northwest Ohio, Williams County, prepared by LublinSussman Group LLP, for the audit period January 1, 2013 through December 31, 2014. 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 Corrections Commission of Northwest Ohio is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 29, 2015

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GOVERNMENTAL FUND TYPES:

General Fund Type:
Operating Fund

Special Revenue Fund Type:
Electronic Monitoring Program

PROPRIETARY FUND TYPE:

Enterprise Fund Type:
Inmate Fund

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INDEPENDENT AUDITOR'S REPORT

Members of the Commission
Corrections Commission of Northwest Ohio
Williams County
3151 County Road 2425
Route 1, Box 100-A
Stryker, OH 43557

To the Members of the Commission:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Corrections Commission of Northwest Ohio, Williams County (the Commission) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(d); this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements 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 audits. We audited 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 financial statement amounts and disclosures. 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 assessing those risks, we consider internal control relevant to the Commission'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 Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies used and the reasonableness of significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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Auditor's Responsibility (Continued)

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 1 of the financial statements, the Commission prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(d), 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 regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Government 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(d) permit. 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

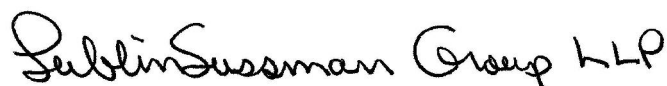
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2014 and 2013, or 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 combined cash balances of Corrections Commission of Northwest Ohio, Williams County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provision of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(d) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2015, on our consideration of the Commission'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. The report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Commission's internal control over financial reporting and compliance.



October 21, 2015
Toledo, Ohio

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
COMBINED STATEMENT OF CASH AND CASH EQUIVALENTS AND
FUND CASH BALANCES - ALL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31

	<u>2014</u>	<u>2013</u>
POOLED CASH AND INVESTMENTS		
Cash and Cash Equivalents	\$ 3,459,882	\$ 3,367,792
Cash on Hand	200	200
Investments	<u>6,129</u>	<u>6,127</u>
Total	<u>\$ 3,466,211</u>	<u>\$ 3,374,119</u>
CASH BALANCES BY FUND TYPES		
Governmental Fund Type:		
General Fund:		
Assigned	\$ 610,000	\$ 610,000
Unassigned	<u>1,720,618</u>	<u>1,797,127</u>
Total General Fund	2,330,618	2,407,127
Special Revenue Fund:		
Restricted	<u>26,932</u>	<u>9,047</u>
Total Special Revenue Fund	26,932	9,047
Proprietary Fund Type:		
Enterprise Fund	<u>1,108,661</u>	<u>957,945</u>
Total	<u>\$ 3,466,211</u>	<u>\$ 3,374,119</u>

See Notes to Financial Statements

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>	Totals (Memo. Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	
CASH RECEIPTS				
Multi-Jurisdictional	\$14,762,011	\$ 0	\$ 0	\$14,762,011
Rental Revenue	45,823	0	0	45,823
Grant Revenue	0	284,366	0	284,366
Interest Income	2	0	0	2
Commissary Revenue	0	0	92,019	92,019
Telephone Commission	213,042	0	0	213,042
Miscellaneous Income	<u>338,550</u>	<u>0</u>	<u>447,410</u>	<u>785,960</u>
Total Cash Receipts	<u>15,359,428</u>	<u>284,366</u>	<u>539,429</u>	<u>16,183,223</u>
CASH DISBURSEMENTS				
Salary, Wages and Benefits	10,268,682	182,867	178,144	10,629,693
Education, Training, Memberships and Dues	17,193	0	0	17,193
Insurance	227,992	3,200	633	231,825
Travel	5,474	265	241	5,980
Supply Expense	312,174	4,208	81,638	398,020
Contract Services	3,194,437	58,932	89,599	3,342,968
Postage Service	202	0	0	202
Utilities	622,785	6,148	3,356	632,289
Clothing and Linen	79,304	0	16,860	96,164
Repairs & Maintenance	132,631	10,141	145	142,917
Personnel Recruitment	7,839	0	0	7,839
Professional Services	145,754	0	13,579	159,333
Dry Cleaning	66,480	720	480	67,680
Non Capital Equipment	50,285	0	4,038	54,323
Capital Outlay	<u>304,705</u>	<u>0</u>	<u>0</u>	<u>304,705</u>
Total Cash Disbursements	<u>15,435,937</u>	<u>266,481</u>	<u>388,713</u>	<u>16,091,131</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	(76,509)	17,885	150,716	92,092
Fund Cash Balance - January 1, 2014	<u>2,407,127</u>	<u>9,047</u>	<u>957,945</u>	<u>3,374,119</u>
Fund Cash Balances, December 31:				
Restricted	0	26,932	0	26,932
Assigned	610,000	0	0	610,000
Unassigned	<u>1,720,618</u>	<u>0</u>	<u>1,108,661</u>	<u>2,829,279</u>
Fund Cash Balance - December 31, 2014	<u>\$ 2,330,618</u>	<u>\$ 26,932</u>	<u>\$ 1,108,661</u>	<u>\$ 3,466,211</u>

See Notes to Financial Statements

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>	Totals (Memo. Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	
CASH RECEIPTS				
Multi-Jurisdictional	\$13,183,927	\$ 0	\$ 0	\$13,183,927
Rental Revenue	21,284	0	0	21,284
Grant Revenue	0	272,666	0	272,666
Interest Income	16,100	0	0	16,100
Commissary Revenue	0	0	107,258	107,258
Telephone Commission	321,560	0	0	321,560
Miscellaneous Income	<u>390,615</u>	<u>0</u>	<u>422,251</u>	<u>812,866</u>
Total Operating Cash Receipts	<u>13,933,486</u>	<u>272,666</u>	<u>529,509</u>	<u>14,735,661</u>
CASH DISBURSEMENTS				
Salary, Wages and Benefits	9,809,016	184,496	120,674	10,114,186
Education, Training, Memberships and Dues	16,466	0	0	16,466
Insurance	219,337	3,200	1,275	223,812
Travel	2,001	271	44	2,316
Supply Expense	304,304	4,538	82,573	391,415
Contract Services	2,952,815	70,858	51,640	3,075,313
Postage Service	163	0	0	163
Utilities	591,864	7,447	2,328	601,639
Clothing and Linen	83,423	0	21,399	104,822
Repairs & Maintenance	119,192	5,928	247	125,367
Personnel Recruitment	9,728	0	0	9,728
Professional Services	154,010	0	14,778	168,788
Dry Cleaning	68,280	720	480	69,480
Non Capital Equipment	95,812	0	2,100	97,912
Capital Outlay	<u>35,226</u>	<u>0</u>	<u>80,354</u>	<u>115,580</u>
Total Operating Cash Disbursements	<u>14,461,637</u>	<u>277,458</u>	<u>377,892</u>	<u>15,116,987</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	(528,151)	(4,792)	151,617	(381,326)
Fund Cash Balance - January 1, 2013	<u>2,935,278</u>	<u>13,839</u>	<u>806,328</u>	<u>3,755,445</u>
Fund Cash Balances, December 31:				
Restricted	0	9,047	0	9,047
Assigned	610,000	0	0	610,000
Unassigned	<u>1,797,127</u>	<u>0</u>	<u>957,945</u>	<u>2,755,072</u>
Fund Cash Balance - December 31, 2013	<u>\$ 2,407,127</u>	<u>\$ 9,047</u>	<u>\$ 957,945</u>	<u>\$ 3,374,119</u>

See Notes to Financial Statements

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
COMBINED STATEMENT OF RECEIPTS
BUDGET VERSUS ACTUAL
FOR THE YEARS ENDED DECEMBER 31

	2014			2013		
	<u>Budget</u>	<u>Actual</u>	Variance: Favorable <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	Variance: Favorable <u>(Unfavorable)</u>
GOVERNMENTAL FUND TYPES						
General Fund	\$15,683,923	\$15,359,428	\$ (324,495)	\$14,920,091	\$13,933,486	\$ (986,605)

See Notes to Financial Statements

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2014

GOVERNMENTAL FUND TYPES	<u>Prior Year Carryover Appropriations</u>	<u>2014 Appropriations</u>	<u>Total</u>	<u>Actual 2014 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/14</u>	<u>Total</u>	<u>Variance: Favorable (Unfavorable)</u>
General Fund	\$ 293,348	\$ 15,390,575	\$15,683,923	\$ 15,435,937	\$ 517,494	\$15,953,431	\$ (269,508)

See Notes to Financial Statements

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2013

GOVERNMENTAL FUND TYPES	<u>Prior Year Carryover Appropriations</u>	<u>2013 Appropriations</u>	<u>Total</u>	<u>Actual 2013 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/13</u>	<u>Total</u>	<u>Variance: Favorable (Unfavorable)</u>
General Fund	\$ 87,190	\$ 14,832,901	\$14,920,091	\$ 14,461,637	\$ 293,348	\$14,754,985	\$ 165,106

See Notes to Financial Statements

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

DESCRIPTION OF THE ENTITY

The Corrections Commission of Northwest Ohio, Williams County, (the Commission), is a public entity organized September 30, 1987, under §307.93 of the Ohio Revised Code for the purpose of establishing a multi-county municipal correction center, constructing that center, overseeing its operation and administration and promoting other cooperative programs relating to the center.

The members of the Commission, who were also members of the Committee, are:

Lucas County	Williams County
Defiance County	Henry County
Fulton County	City of Toledo

The receipts in the accompanying financial statements were received from the Members and others for the purpose stated above.

The Commission's management believes these financial statements present all activities for which the Commission is financially accountable.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements follow the basis of accounting the Auditor of State prescribes or permits which differs from generally accepted accounting principles. This basis is similar to the cash receipts and disbursements accounting basis. The Commission recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when the liability is incurred.

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

FUND ACCOUNTING

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission classifies its funds into the following types:

GOVERNMENTAL FUND TYPES

Government funds are those through which most governmental functions of the Commission are financed. The following are the Commission's governmental fund types:

General Fund

The general fund is the operating fund of the Commission. It is used to account for all financial resources except those required by law or contract to be accounted for in other funds.

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND TYPE

Proprietary funds are used to account for the Commission's ongoing activities which are similar to those found in the private sector. The following is the Commission's proprietary fund type:

Enterprise Fund

Enterprise funds account for operations which are financed and operated in a manner similar to private business enterprises and for which the Commission intends to support a material portion of the operating costs with user charges.

FUNDING

Annually the Commission estimates costs for the next fiscal year. Such estimates are considered by the Members and are then modified or accepted by the Members. Each Member, thereafter, remits its share of the Commission's costs to the Commission in the amount and at the times directed by the fiscal agent. If the aggregate of the Member's contributions for the estimated costs for a fiscal year are insufficient to pay the Commission's expenses, then the fiscal agent shall assess each Member its proportional share of the additional cost.

BUDGETARY PROCESS

The Commission is not required to follow the budgetary requirements under Ohio Revised Code Chapter 5705. However, the Commission does perform annual budgetary procedures for the General Fund. The Commission did not develop a budget for the Special Revenue Fund or the Proprietary Fund.

ESTIMATED RESOURCES

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances.

APPROPRIATIONS

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Commission must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain compliance. Encumbrances plus expenditures may not exceed appropriations at the legal level of control. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Commission.

DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Commission is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Commission records. Interest in the pool is presented as Cash and Cash Equivalents.

During years 2014 and 2013, the Commission's investments included federal agency securities and Carnegie Capital Partners, LLC. Carnegie Capital Partners, LLC is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. Carnegie Capital Partners, LLC is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments are recorded at fair market value.

Investments of the Commission's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Commission are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Commission must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Commission classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Committed

The Committee can commit amounts via formal action (ordinance or resolution). The Commission must adhere to these commitments unless the Committee amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Committee or a Commission official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification of the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Commission applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

(2) EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Commission maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2014</u>	<u>2013</u>
Demand Deposits	\$ 3,460,082	\$ 3,367,992
STAR Ohio	<u>6,129</u>	<u>6,127</u>
Total Deposits and Investments	<u>\$ 3,466,211</u>	<u>\$ 3,374,119</u>

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

(2) EQUITY IN POOLED DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Commission's U.S. Treasury Notes in book-entry form by the name of the Commission's financial institution. The financial institution maintains records identifying the Commission as owner of these securities.

Investments in Carnegie Capital Partners, LLC are not evidenced by securities that exist in physical or book-entry form.

(3) DEFINED BENEFIT PENSION PLANS

The Commission's full time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including post-retirement healthcare and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10 percent of their wages. The Commission contributed an amount equal to 14 percent in 2014 and 2013 of participants' gross salaries. Contributions amounted to \$1,032,544 and \$1,006,048 for the years ended December 31, 2014 and 2013, respectively. The Corrections Commission of Northwest Ohio has paid all contributions required through December 31, 2014 and 2013.

(4) RISK MANAGEMENT

A. Commercial Insurance

The Commission maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100 percent co-insured.

Claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from prior years.

B. Health Insurance

The Commission is a member of the Buckeye Ohio Risk Management Agency, Inc.(BORMA) (the Pool) for the furnishing and administration of employee healthcare benefits.

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

(4) RISK MANAGEMENT (CONTINUED)

The Pool assumes the risk of loss up to the limits of the Commission's Employee Health Plan policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers medical benefits, prescription drug, and dental benefits.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (the latest information available):

	<u>2014</u>	<u>2013</u>
Assets	\$ 2,129,710	\$ 1,573,028
Liabilities	\$ 5,321,159	\$ 5,739,777

(5) SUBSEQUENT EVENT

The Commission has evaluated subsequent events through October 21, 2015 the date the financial statements were available to be issued. There were no subsequent events that required adjustment to the financial statements or additional disclosure.

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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

Members of the Board
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To the Members of the Commission:

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 governmental activities and the business-type activities of Corrections Commission of Northwest Ohio (the Commission) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 21, 2015, in which we noted the Commission followed the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Corrections Commission of Northwest Ohio'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 Corrections Commission of Northwest Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission'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.

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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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corrections Commission of Northwest Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Delvin Sussman Group LLP

October 21, 2015
Toledo, Ohio

CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014

There were no prior audit findings.