



OHIO AUDITOR OF STATE
KEITH FABER



**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

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TITLE

SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019

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OHIO AUDITOR OF STATE
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**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Corrections Commission of Northwest Ohio
Williams County
03151 County Road 2425
Stryker, Ohio 43557-9418

To the Members of the Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary type combined total as of and for the year ended December 31, 2020, and related notes of the Corrections Commission of Northwest Ohio, Williams County, Ohio (the Commission).

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, 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 to the extent needed to opine 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 and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Commission prepared these financial statements using the accounting basis permitted by the financial reporting provisions of 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 the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Commission 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, 2020, and the respective changes in financial position or cash flows thereof for the year 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Commission, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Commission. We did not modify our opinion regarding this matter.

As discussed in Note 11 to the financial statements, during 2020, the Commission adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, 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. That 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2021

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**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Multi-Jurisdictional Inmate Beds	\$10,511,830			\$10,511,830
Grants from State		\$2,820,172		2,820,172
Rental Revenue (Bed Overages)	240,086			240,086
Nonmember Inmate Bed Rental Income	7,925,689			7,925,689
Electronic Monitoring		196,950		196,950
Juvenile Center	36,394			36,394
Earnings on Investments	22,397	23,228	\$21,510	67,135
Commissary Commission		362,124		362,124
Medical Fee Revenue		3,815		3,815
Inmate Phone Commission	492,206		400,000	892,206
Miscellaneous	689,955	40,428	3,850	734,233
<i>Total Cash Receipts</i>	<u>19,918,557</u>	<u>3,446,717</u>	<u>425,360</u>	<u>23,790,634</u>
Cash Disbursements:				
Current:				
Salary, Wages and Benefits	10,702,833	2,286,173		12,989,006
Education, Training, Membership and Dues	15,387	3,714		19,101
Insurance	240,488	235		240,723
Travel	2,191			2,191
Supply Expenses	374,498	100,364		474,862
Contract Services	3,076,066	803,772		3,879,838
Postage Services	3,123	50		3,173
Utilities	640,998	3,154		644,152
Clothing and Linen	95,562	6,782		102,344
Repairs and Maintenance	111,857	51		111,908
Personnel Recruitment	24,045			24,045
Professional Services	258,875	1,600		260,475
Dry Cleaning	898			898
Non-Capital Equipment	82,068	4,313		86,381
Capital Outlay	39,805		754,737	794,542
<i>Total Cash Disbursements</i>	<u>15,668,694</u>	<u>3,210,208</u>	<u>754,737</u>	<u>19,633,639</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,249,863</u>	<u>236,509</u>	<u>(329,377)</u>	<u>4,156,995</u>
Other Financing Receipts (Disbursements)				
Transfers In			437,304	437,304
Transfers Out	(437,304)			(437,304)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(437,304)</u>		<u>437,304</u>	
<i>Net Change in Fund Cash Balances</i>	3,812,559	236,509	107,927	4,156,995
Fund Cash Balances, January 1	4,977,099	2,396,578	1,569,982	8,943,659
<i>Fund Cash Balances, December 31</i>	<u>\$8,789,658</u>	<u>\$2,633,087</u>	<u>\$1,677,909</u>	<u>\$13,100,654</u>

See accompanying notes to the basic financial statements

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Internal Service
Operating Cash Receipts:	
Insurance Premiums	\$3,174,285
Stop Loss Coverage	2,442,315
Employer Contributions	300,000
Miscellaneous	115,824
	6,032,424
<i>Total Operating Cash Receipts</i>	
Operating Cash Disbursements:	
Claims	4,887,749
Administrative Fees	767,928
	5,655,677
<i>Total Operating Cash Disbursements</i>	
<i>Net Change in Fund Cash Balance</i>	376,747
Fund Cash Balance, January 1	2,285,448
<i>Fund Cash Balance, December 31</i>	\$2,662,195

See accompanying notes to the basic financial statements

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Fiduciary Fund Types
	Other Custodial
Additions:	
Amounts Held for Inmates	\$952,502
Amounts Held for Employees	55,978
<i>Total Additions</i>	<u>1,008,480</u>
Deductions:	
Distributions to Other Funds	88,569
Distributions on Behalf of Inmates	920,249
Distributions on Behalf of Employees	51,375
<i>Total Deductions</i>	<u>1,060,193</u>
<i>Net Change in Fund Cash Balances</i>	(51,713)
Fund Cash Balances, January 1	<u>165,655</u>
<i>Fund Cash Balances, December 31</i>	<u>\$113,942</u>
<i>See accompanying notes to the basic financial statements</i>	

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 – Reporting Entity

The Corrections Commission of Northwest Ohio, Williams County, Ohio (the Commission) is a public entity organized September 30, 1987, under Ohio Revised Code § 307.93 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 Board of County Commissioners of Defiance, Fulton, Henry, Lucas, and Williams Counties and the Toledo City Council established the Commission. A Commissioner and the Sheriff of each participating county and the Mayor and Police Chief of each participating municipality comprise the Governing Board of the Commission. Effective August 20, 2016, the City of Toledo withdrew its membership from the Commission.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Commission's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the proprietary fund type and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Commission 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 Commission are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Commission for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Commission had the following significant Special Revenue Funds:

State Grants Fund The states grant fund accounts for monies received from the Ohio Department of Rehabilitation and Corrections for the Community Corrections Act and Post Release Control grants. The Community Corrections Act grant is to assist in the monitoring of offenders via electronic devices. The Post Release Control grant enables Post Release Control violators to be housed.

Federal Grants Fund The federal grant fund accounts for monies received from the CCNO member counties under the Coronavirus Relief Funds and Coronavirus Emergency Supplemental Funding Program. These monies were used for corrections officer wages and benefits as well as facility supplies related to COVID-19.

Capital Project Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Commission had the following Capital Project Fund:

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

Capital Fund The capital fund accounts for funding determined by the member jurisdictions on an as needed basis.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Commission had the following Internal Service Fund:

Self-funded Health Insurance Fund The self-funded health insurance fund accounts for insurance premium payments from other funds to pay medical, dental, and prescription claims of employees enrolled in the health insurance plan.

Fiduciary Funds Fiduciary funds include pension and other employee benefit trust funds, private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Commission's custodial funds account for the money held for the incarcerated inmates of the facility and flexible savings accounts for employees.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Commission is not required to follow the budgetary requirements under Ohio Revised Code § 5705. However, Management does estimate receipts and budget expenditures (appropriations) internally. Appropriations and budgeted expenditures (that is disbursements and encumbrances) are presented to the Commission monthly. The Commission does encumber its expenditures against its appropriations. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Commission's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Commission records disbursements for acquisitions of property, plant, and equipment 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.

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:

Nonspendable The Commission classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the commission.

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.

Committed The Governing Board can *commit* amounts via formal action (resolution). The Commission must adhere to these commitments unless the Governing Board amends the 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,505,925	\$19,918,557	\$412,632
Special Revenue	1,531,951	3,446,717	1,914,766
Capital Projects	437,327	862,664	425,337
Internal Service	5,900,000	6,032,424	132,424
Fiduciary	1,340,000	1,008,480	(331,520)
Total	\$28,715,203	\$31,268,842	\$2,553,639

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$19,787,701	\$16,439,289	\$3,348,412
Special Revenue	1,539,957	4,379,938	(2,839,981)
Capital Projects	836,269	754,737	81,532
Internal Service	5,900,000	5,655,677	244,323
Fiduciary	1,340,000	1,060,193	279,807
Total	\$29,403,927	\$28,289,834	\$1,114,093

Note 4 – Deposits and Investments

To improve cash management, cash received by the Commission is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Commission's deposit and investment accounts are as follows:

	2020
Demand deposits	\$11,308,846
STAR Ohio	4,567,945
Total deposits and investments	\$15,876,791

The Commission does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Commission is holding \$135,855 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2020, \$2,183,730 of deposits were not insured or collateralized. The Commission's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Commission pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

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

Self-Insurance

The Commission is also self-insured for health, dental, and prescription coverage. The Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. The Commission reinsures certain risks with Medical Mutual of Ohio to limit its losses for large aggregate and individual losses. A comparison of Self-Insurance Fund cash and investments to the actuarially-measured liability as of December 31 follows:

	2020
Cash and investments	\$2,662,195
Actuarial liabilities	899,515

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Commission employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Commission contributed an amount equaling 14 percent, of participants’ gross salaries. The Commission has paid all contributions required through December 31, 2020.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Commission are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Commission is a defendant in one lawsuit. Although management cannot presently determine the outcome of the suit, management believes that the resolution of these matters will not materially adversely affect the Commission's financial condition.

Note 9 – Fund Balances

Included in fund balances are amounts the Commission cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies		\$4,139	\$4,139
Outstanding Encumbrances	\$333,291	1,169,730	1,503,021
Total	<u>\$333,291</u>	<u>\$1,173,869</u>	<u>\$1,507,160</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-9 and the continuing emergency measures may impact subsequent periods of the Commission. The impact on the Commission's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Commission received CARES Act Funding. These amounts are reflected as salary, wages, and benefits and supply expenses in the Federal Grants Fund on the accompanying financial statements.

Note 11 – Change in Accounting Principle

For 2020, the Commission has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Lucas County</i>			
Coronavirus Relief Fund	21.019		\$2,095,000
<i>Passed Through Fulton County</i>			
Coronavirus Relief Fund	21.019		50,000
<i>Passed Through Henry County</i>			
Coronavirus Relief Fund	21.019		<u>50,000</u>
Total U.S. Department of Treasury			<u>2,195,000</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Williams County</i>			
Coronavirus Emergency Supplemental Funding (CESF) Program	16.034	2020-CE-OTH-2016	<u>43,300</u>
Total U.S. Department of Justice			<u>43,300</u>
Total Expenditures of Federal Awards			<u><u>\$2,238,300</u></u>

The accompanying notes are an integral part of this schedule.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Corrections Commission of Northwest Ohio, Williams County, Ohio (the Commission) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the fund balance or changes in fund balances of the Commission.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement

NOTE C – INDIRECT COST RATE

The Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Corrections Commission of Northwest Ohio
Williams County
03151 County Road 2425
Stryker, Ohio 43557-9418

To the Members of the Commission:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Corrections Commission of Northwest Ohio, Williams County, Ohio (the Commission) and have issued our report thereon dated November 22, 2021, wherein we noted the Commission followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Commission adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Commission.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Commission's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Commission's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Commission'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 financial statements. However, opining 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*.

Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the Commission's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Corrections Commission of Northwest Ohio
Williams County
03151 County Road 2425
Stryker, Ohio 43557-9418

To the Members of the Commission:

Report on Compliance for the Major Federal Program

We have audited the Corrections Commission of Northwest Ohio, Williams County, Ohio's (the Commission) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Corrections Commission of Northwest Ohio's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Commission's major federal program.

Management's Responsibility

The Commission's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Commission's compliance for the Commission's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Commission's major program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on the Major Federal Program

In our opinion, the Corrections Commission of Northwest Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The Commission's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Commission's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2021

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 – Coronavirus Relief Fund – CFDA #21.019
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- General fund transfer out in the amount of \$437,304 was improperly reported as negative miscellaneous receipts.
- Capital Projects fund transfer in of \$437,304 was improperly reported as miscellaneous receipts.
- Employer contributions to the Internal Service fund in the amount of \$300,000 were improperly reported as insurance premiums.
- Other Custodial funds were improperly reported on the Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis), Proprietary Fund Type instead of the Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis), All Fiduciary Fund Types in accordance with Governmental Accounting Standards Board (GASB) Statement No. 84. The following line items were affected:
 - o Custodial fund additions in the amount of \$1,008,480 were improperly reported as miscellaneous receipts. These should have been reported as amounts held for inmates and amounts held for employees in the amounts of \$952,502 and \$55,978, respectively.
 - o Custodial fund deductions in the amount of \$1,060,193 were improperly reported as miscellaneous disbursements. These should have been reported as distributions to other funds, distributions on behalf of inmates, and distributions on behalf of employees in the amounts of \$88,569, \$920,249, and \$51,375, respectively.
- Budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts approved by the Commission members. Budgeted receipts were understated in the General, Capital Projects, Internal Service, and Custodial funds in the amounts of \$2,461,726, \$37,327, \$2,375,867, and \$240,000, respectively. Budgeted receipts were overstated in the Special Revenue funds in the amount of \$2,371,916.
- Appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by the Commission members. Appropriation authority was understated for the General, Capital Projects, Internal Service, and Custodial funds by \$470,702, \$117,142, \$2,375,867, and \$240,000, respectively. Appropriation authority was overstated for the Special Revenue funds by \$2,449,628.
- Budgetary expenditures reported in the "2020 Budgeted vs. Actual Budgetary Basis Expenditures" footnote did not agree to approved budgetary documents. Budgetary expenditures were understated for the General and Special Revenue funds by \$333,291 and \$1,169,731, respectively.

These errors were not identified and corrected prior to the Commission preparing its financial statements due to deficiencies in the Commission's internal controls over financial statement monitoring. Failure to complete accurate financial statements could lead to the Members of the Commission making misinformed decisions. The accompanying financial statements have been adjusted to correct these changes.

In addition to the adjustments noted above, we also identified an additional misstatements of \$100,000 that we have brought to the Commission's attention.

To help ensure the Commission's financial statements and notes to the financial statements are complete and accurate, the Commission should adopt policies and procedures, including final review of the financial statements and notes to the financial statements by the Fiscal Manager and the audit committee, to help identify and correct errors and omissions.

Officials' Response:

See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

Corrections Commission of Northwest Ohio

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Security Fax: (419) 428-2034
Community Corrections Fax: (419) 428-5802
e-mail: ccnoregional@gmail.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material weakness due to financial statement reporting errors.	Not corrected and reissued as Finding 2020-001 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.

Serving the counties of Defiance, Fulton, Henry, Lucas, and Williams.

Corrections Commission of Northwest Ohio

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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2020

Finding Number:	2020-001
Planned Corrective Action:	Errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Tonya Justus, Fiscal Manager



OHIO AUDITOR OF STATE
KEITH FABER



**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Corrections Commission of Northwest Ohio
Williams County
03151 County Road 2425
Stryker, Ohio 43557-9418

To the Members of the Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Corrections Commission of Northwest Ohio, Williams County, Ohio (the Commission).

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, 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 to the extent needed to opine 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 and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Commission prepared these financial statements using the accounting basis permitted by the financial reporting provisions of 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 the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Commission 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, 2019, and the respective changes in financial position or cash flows thereof for the year 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 for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Commission, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Commission. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, 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. That 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2021

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**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Multi-Jurisdictional Inmate Beds	\$11,189,940		\$43,002	\$11,232,942
Grants from State		\$1,149,634		1,149,634
Rental Revenue (Bed Overages)	205,674			205,674
Nonmember Inmate Bed Rental and Transportation	7,490,983			7,490,983
Electronic Monitoring		197,600		197,600
Juvenile Center	49,232			49,232
Earnings on Investments	12,737	2,118	12,588	27,443
Commissary Commission		288,441		288,441
Medical Fee Revenue		5,825		5,825
Inmate Phone Commission			535,780	535,780
BCI - Webcheck Income	60			60
Miscellaneous	492,782	35,866	14,734	543,382
<i>Total Cash Receipts</i>	<u>19,441,408</u>	<u>1,679,484</u>	<u>606,104</u>	<u>21,726,996</u>
Cash Disbursements:				
Current:				
Salary, Wages and Benefits	12,514,831	175,439		12,690,270
Education, Training, Membership and Dues	30,910			30,910
Insurance	236,702	240		236,942
Travel	7,280			7,280
Supply Expenses	339,335	51,339		390,674
Contract Services	3,737,765	1,488,589		5,226,354
Postage Services	2,361	50		2,411
Utilities	624,278	4,776		629,054
Clothing and Linen	81,258	31,688		112,946
Repairs and Maintenance	126,125	399		126,524
Personnel Recruitment	22,815			22,815
Professional Services	111,616			111,616
Dry Cleaning	59,280	720		60,000
Non-Capital Equipment	46,173	1,841		48,014
Capital Outlay	83,522	3,797	382,378	469,697
<i>Total Cash Disbursements</i>	<u>18,024,251</u>	<u>1,758,878</u>	<u>382,378</u>	<u>20,165,507</u>
<i>Net Change in Fund Cash Balances</i>	1,417,157	(79,394)	223,726	1,561,489
Fund Cash Balances, January 1	<u>3,559,942</u>	<u>2,475,972</u>	<u>1,346,256</u>	<u>7,382,170</u>
Fund Cash Balances, December 31				
Restricted		2,396,578		2,396,578
Committed	1,647,705		1,569,982	3,217,687
Assigned	281,776			281,776
Unassigned	<u>3,047,618</u>			<u>3,047,618</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,977,099</u>	<u>\$2,396,578</u>	<u>\$1,569,982</u>	<u>\$8,943,659</u>

See accompanying notes to the basic financial statements

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Internal Service</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Insurance Premiums	\$3,286,304		\$3,286,304
Stop Loss Coverage	1,798,141		1,798,141
Employer Contributions	300,000		300,000
Miscellaneous	101,010		101,010
<i>Total Operating Cash Receipts</i>	<u>5,485,455</u>		<u>5,485,455</u>
Operating Cash Disbursements:			
Claims	4,103,110		4,103,110
Administrative Fees	702,006		702,006
<i>Total Operating Cash Disbursements</i>	<u>4,805,116</u>		<u>4,805,116</u>
<i>Operating Income</i>	<u>680,339</u>		<u>680,339</u>
Non-Operating Receipts (Disbursements):			
Miscellaneous Receipts		\$841,883	841,883
Miscellaneous Disbursements		(838,611)	(838,611)
<i>Total Non-Operating Receipts (Disbursements)</i>		<u>3,272</u>	<u>3,272</u>
<i>Net Change in Fund Cash Balances</i>	680,339	3,272	683,611
Fund Cash Balances, January 1	<u>1,605,109</u>	<u>162,383</u>	<u>1,767,492</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,285,448</u></u>	<u><u>\$165,655</u></u>	<u><u>\$2,451,103</u></u>

See accompanying notes to the basic financial statements

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

The Corrections Commission of Northwest Ohio, Williams County, Ohio (the Commission) is a public entity organized September 30, 1987, under Ohio Revised Code § 307.93 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 Board of County Commissioners of Defiance, Fulton, Henry, Lucas, and Williams Counties and the Toledo City Council established the Commission. A Commissioner and the Sheriff of each participating county and the Mayor and Police Chief of each participating municipality comprise the Governing Board of the Commission. Effective August 20, 2016, the City of Toledo withdrew its membership from the Commission.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Commission's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Commission 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 Commission are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Commission for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Commission had the following significant Special Revenue Funds:

Electronic Monitoring Fund The electronic monitoring fund accounts for the electronic monitoring services of inmates not housed at the facility, but are under house arrest and can pay for the applicable fees of the service.

State Grants Fund The states grant fund accounts for monies received from the Ohio Department of Rehabilitation and Corrections for the Community Corrections Act and Post Release Control grants. The Community Corrections Act grant is to assist in the monitoring of offenders via electronic devices. The Post Release Control grant enables Post Release Control violators to be housed.

Capital Project Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Commission had the following Capital Project Fund:

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

Capital Fund The capital fund accounts for funding determined by the member jurisdictions on an as needed basis.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Commission had the following Internal Service Fund:

Self-funded Health Insurance Fund The self-funded health insurance fund accounts for insurance premium payments from other funds to pay medical, dental, and prescription claims of employees enrolled in the health insurance plan.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Commission's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Commission's agency funds account for the money held for the incarcerated inmates of the facility and flexible savings accounts for employees.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Commission is not required to follow the budgetary requirements under Ohio Revised Code § 5705. However, Management does estimate receipts and budget expenditures (appropriations) internally. Appropriations and budgeted expenditures (that is disbursements and encumbrances) are presented to the Commission monthly. The Commission does encumber its expenditures against its appropriations. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Commission's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

Capital Assets

The Commission records disbursements for acquisitions of property, plant, and equipment 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.

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:

Nonspendable The Commission classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed The Governing Board can *commit* amounts via formal action (resolution). The Commission must adhere to these commitments unless the Governing Board amends the 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.

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 Governing Board or a Commission official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

2019 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,063,950	\$19,441,408	\$377,458
Special Revenue	2,155,763	1,679,484	(476,279)
Capital Projects	538,950	606,104	67,154
Internal Service	4,805,115	5,485,454	680,339
Fiduciary	1,100,000	841,883	(258,117)
Total	\$27,663,778	\$28,054,333	\$390,555

2019 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$19,609,183	\$18,306,027	\$1,303,156
Special Revenue	2,160,574	1,766,885	393,689
Capital Projects	817,624	781,319	36,305
Internal Service	4,805,115	4,805,116	
Fiduciary	1,100,000	838,611	261,389
Total	\$28,492,496	\$26,497,958	\$1,994,539

Note 4 – Deposits and Investments

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

	2019
Demand deposits	<u>\$7,548,372</u>
CDARS	<u>1,800,000</u>
Total deposits	<u>9,348,372</u>
STAR Ohio	<u>2,046,390</u>
Total deposits and investments	<u><u>\$11,394,762</u></u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2019, \$652,473 of deposits were not insured or collateralized. The Commission's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Commission pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

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

Self-Insurance

The Commission is also self-insured for health, dental, and prescription coverage. The Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. The Commission reinsures certain risks with Medical Mutual of Ohio to limit its losses for large aggregate and individual losses. A comparison of Self-Insurance Fund cash and investments to the actuarially-measured liability as of December 31 follows:

	2020
Cash and investments	\$2,285,448
Actuarial liabilities	593,328

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Commission employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Commission contributed an amount equaling 14 percent, of participants' gross salaries. The Commission has paid all contributions required through December 31, 2019.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Commission are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Commission is a defendant in one lawsuit. Although management cannot presently determine the outcome of the suit, management believes that the resolution of these matters will not materially adversely affect the Commission's financial condition.

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-9 and the continuing emergency measures may impact subsequent periods of the Commission. The impact on the Commission's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Corrections Commission of Northwest Ohio
Williams County
03151 County Road 2425
Stryker, Ohio 43557-9418

To the Members of the Commission:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Corrections Commission of Northwest Ohio, Williams County, Ohio (the Commission) and have issued our report thereon dated November 22, 2021, wherein we noted the Commission followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Commission.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Commission's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Commission's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Commission'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 financial statements. However, opining 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*.

Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Commission's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2021

**CORRECTIONS COMMISSION OF NORTHWEST OHIO
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- Budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts approved by the Commission members. Budgeted receipts were understated in the General, Special Revenue, and Internal Service funds in the amounts of \$1,788,157, \$528,296, and \$1,312,228, respectively. Budgeted receipts were overstated in the Capital Projects funds in the amount of \$11,050.
- Appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by the Commission members. Appropriation authority was understated in the General, Special Revenue, Capital Projects, and Internal Service funds in the amounts of \$1,044,590, \$420,959, \$22,942, and \$1,312,228, respectively.
- Budgetary expenditures reported in the “2019 Budgeted vs. Actual Budgetary Basis Expenditures” footnote did not agree to approved budgetary documents. Budgetary expenditures were understated for the General, Special Revenue, and Capital Projects funds in the amounts of \$281,776, \$8,006, and \$398,942, respectively.

These errors were not identified and corrected prior to the Commission preparing its financial statements and notes to the financial statements due to deficiencies in the Commission’s internal controls over financial statement monitoring. Failure to complete accurate financial statements could lead to the Members of the Commission making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

In addition to the adjustments noted above, we also identified an additional misstatement in the amount of \$12,588 that we have brought to the Commission’s attention.

To help ensure the Commission’s financial statements and notes to the financial statements are complete and accurate, the Commission should adopt policies and procedures, including final review of the financial statements and notes to the financial statements by the Fiscal Manager and audit committee, to help identify and correct errors and omissions.

Officials’ Response:

Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.

Corrections Commission of Northwest Ohio

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Finding for Recovery for public money due but not collected for commissary commissions.	Corrective action taken and finding is fully corrected.	

Serving the counties of Defiance, Fulton, Henry, Lucas, and Williams.

OHIO AUDITOR OF STATE KEITH FABER



CORRECTIONS COMMISSION OF NORTHWEST OHIO

WILLIAMS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov