

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2015 and 2014

BRANDI SANDERS, FISCAL DIRECTOR



Dave Yost • Auditor of State

Corrections Commission
Corrections Commission of Southeastern Ohio
16677 Riverside Drive
Nelsonville, Ohio 45764

We have reviewed the *Independent Auditor's Report* of the Corrections Commission of Southeastern Ohio, Athens County, prepared by Julian & Grube, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 Southeastern Ohio is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 15, 2016

This page intentionally left blank.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1 - 2
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For The Year Ended December 31, 2015	3
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For The Year Ended December 31, 2015	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For The Year Ended December 31, 2014	5
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For The Year Ended December 31, 2014	6
Notes to the Financial Statements	7 - 12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13 - 14



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Corrections Commission of Southeastern Ohio
Athens County
16677 Riverside Drive
Nelsonville, Ohio 45764

To the Corrections Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Corrections Commission of Southeastern Ohio, Athens County, Ohio, as of and for the years ended December 31, 2015 and 2014.

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 Corrections Commission of Southeastern Ohio'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 Corrections Commission of Southeastern Ohio's internal control. Accordingly, we express no 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 opinion.

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

As described in Note 1 of the financial statements, the Corrections Commission of Southeastern Ohio 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 Corrections Commission of Southeastern Ohio 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 Corrections Commission of Southeastern Ohio as of December 31, 2015 and 2014, 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 the Corrections Commission of Southeastern Ohio, Athens County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the year then ended 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016, on our consideration of the Corrections Commission of Southeastern Ohio'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 Corrections Commission of Southeastern Ohio's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 22, 2016

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types			Total All Funds
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Housing of Prisoners	\$ 4,335,748	\$ -	\$ -	\$ 4,335,748
Sales	-	225,823	-	225,823
Earnings on Investments	952	-	-	952
Medical Reimbursement	80,441	-	-	80,441
Other Revenue	120,742	-	-	120,742
Total Cash Receipts	4,537,883	225,823	-	4,763,706
Cash Disbursements:				
Current:				
Salaries	2,026,419	-	-	2,026,419
Fringe Benefits	1,073,507	-	-	1,073,507
Travel and Training	10,350	-	-	10,350
Supplies & Materials	102,928	-	-	102,928
Repairs & Maintenance	57,286	-	-	57,286
Inmate Housing:				
Cost of Goods Sold	-	228,697	-	228,697
Medical Expenses	-	12,032	-	12,032
Medical Services	83,114	-	-	83,114
Contract Services	512,467	-	-	512,467
Utilities	314,846	-	-	314,846
Property & Liability Insurance	66,433	-	-	66,433
Other Expenditures	3,360	5,747	-	9,107
Capital Outlay	7,667	-	301,532	309,199
Total Cash Disbursements	4,258,377	246,476	301,532	4,806,385
Excess of Receipts Over/(Under) Disbursements	279,506	(20,653)	(301,532)	(42,679)
Other Financing Receipts/(Disbursements):				
Transfers-In	-	-	428,641	428,641
Transfers-Out	(428,641)	-	-	(428,641)
Total Other Financing Receipts/(Disbursements)	(428,641)	-	428,641	-
Net Change in Fund Cash Balances	(149,135)	(20,653)	127,109	(42,679)
Fund Cash Balances, January 1	1,018,044	142,714	4,555	1,165,313
Nonspendable	14,644	-	-	14,644
Restricted	-	122,061	-	122,061
Committed	-	-	131,664	131,664
Assigned	2,365	-	-	2,365
Unassigned (Deficit)	851,900	-	-	851,900
Fund Cash Balances, December 31	\$ 868,909	\$ 122,061	\$ 131,664	\$ 1,122,634

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) -
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Cash Receipts:	
Other Receipts	<u>\$ 311,323</u>
Total Cash Receipts	<u>311,323</u>
Cash Disbursements:	
Other Disbursements	<u>303,967</u>
Total Cash Disbursements	<u>303,967</u>
Excess of Receipts Over/(Under) Disbursement	7,356
Fund Cash Balance, January 1	<u>15,207</u>
Fund Cash Balance, December 31	<u><u>\$ 22,563</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types			Total All Funds
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Housing of Prisoners	\$ 4,412,255	\$ -	\$ -	\$ 4,412,255
Sales	-	208,515	-	208,515
Earnings on Investments	657	-	-	657
Medical Reimbursement	48,635	-	-	48,635
Other Revenue	108,067	-	47,800	155,867
Total Cash Receipts	4,569,614	208,515	47,800	4,825,929
Cash Disbursements:				
Current:				
Salaries	1,970,050	-	-	1,970,050
Fringe Benefits	1,001,691	-	-	1,001,691
Travel and Training	7,541	-	-	7,541
Supplies & Materials	162,995	-	-	162,995
Repairs & Maintenance	65,009	-	-	65,009
Inmate Housing:				
Cost of Goods Sold	-	185,398	-	185,398
Medical Expenses	-	5,328	-	5,328
Medical Services	56,211	-	-	56,211
Contract Services	418,202	-	-	418,202
Utilities	298,725	-	-	298,725
Property & Liability Insurance	65,536	-	-	65,536
Other Expenditures	3,136	-	-	3,136
Capital Outlay	12,325	-	285,548	297,873
Total Cash Disbursements	4,061,421	190,726	285,548	4,537,695
Excess of Receipts Over/(Under) Disbursements	508,193	17,789	(237,748)	288,234
Other Financing Receipts/(Disbursements):				
Transfers-In	-	-	69,241	69,241
Transfers-Out	(69,198)	(43)	-	(69,241)
Total Other Financing Receipts/(Disbursements)	(69,198)	(43)	69,241	-
Net Change in Fund Cash Balances	438,995	17,746	(168,507)	288,234
Fund Cash Balances, January 1	579,049	124,968	173,062	877,079
Nonspendable	19,364	-	-	19,364
Restricted	-	142,714	-	142,714
Committed	-	-	4,555	4,555
Unassigned (Deficit)	998,680	-	-	998,680
Fund Cash Balances, December 31	\$ 1,018,044	\$ 142,714	\$ 4,555	\$ 1,165,313

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) -
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fiduciary Fund Type
	Agency
Cash Receipts:	
Other Receipts	\$ 328,815
Total Cash Receipts	328,815
Cash Disbursements:	
Other Disbursements	332,840
Total Cash Disbursements	332,840
Excess of Receipts Over/(Under) Disbursement	(4,025)
Fund Cash Balance, January 1	19,232
Fund Cash Balance, December 31	\$ 15,207

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Corrections Commission of Southeastern Ohio, Athens County (the "Commission"), as a body corporate and politic. The Board of County Commissioners of Athens, Hocking, Morgan, and Perry Counties established the Commission. The Sheriff of each participating county and the presiding Judge of the Court of Common Pleas of each participating county direct the Commission. The purpose of the Commission is to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

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

B. Accounting Basis

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.

C. 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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted or committed to expenditure for specific purposes other than capital projects. The Commission had the following significant Special Revenue Fund:

Commissary Fund - Established in accordance with substitute House 480, this fund accounts for moneys received from sales to inmates, purchasing of merchandise, and payments for inmate medical expenses. This fund also receipts moneys from “pay-to-stay” fees collected from the inmates.

3. Capital Projects Fund

These funds account and report for receipts 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:

Capital Improvement Fund - This fund receives transfers from the General Fund for housing of prisoners revenues received from non-member counties for future expansion and capital improvements to the facilities.

4. Fiduciary Fund

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are for holding resources for individuals, organizations or other governments.

Agency Fund - The Commission established the agency fund to account for monies held on behalf of inmates while incarcerated.

D. Budgetary Process

The Commission is not required to follow the budgetary requirements under Ohio Revised Code 5705. However, the Commission did prepare budgetary documents for the General Fund, Special Revenue and Capital Project Fund Types for 2014 and the General Fund for 2015. The Commission did not develop a budget for the Fiduciary Fund Type.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. Appropriations

The Commission annually approves an appropriation measure and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control. Unencumbered appropriations lapse at year-end. The Commission reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

E. 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. Nonspendable

The Commission classifies assets as *nonspendable* 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.

3. Committed

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

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

5. 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.

F. Property, Plant and Equipment

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. 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.

H. Interfund Transactions

During the course of normal operations, the Commission had transactions between funds. The most significant include transfers of resources from one fund to another. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 - EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand Deposits	\$ 1,145,197	\$ 1,180,520

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Commission.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,076,050	\$ 4,544,782	\$ 468,732
Special Revenue	-	225,823	225,823
Capital Projects	-	428,641	428,641
Total	\$ 4,076,050	\$ 5,199,246	\$ 1,123,196

2015 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,288,276	\$ 4,687,018	\$ (398,742)
Special Revenue	-	246,476	(246,476)
Capital Projects	-	301,532	(301,532)
Total	\$ 4,288,276	\$ 5,235,026	\$ (946,750)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,076,050	\$ 4,576,473	\$ 500,423
Special Revenue	-	208,515	208,515
Capital Projects	-	117,041	117,041
Total	\$ 4,076,050	\$ 4,902,029	\$ 825,979

2014 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,327,943	\$ 4,130,619	\$ 197,324
Special Revenue	193,000	190,769	2,231
Capital Projects	117,561	285,548	(167,987)
Total	\$ 4,638,504	\$ 4,606,936	\$ 31,568

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4 - RETIREMENT SYSTEM

The Commission's 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. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Commission contributed an amount equaling 14% of participants' gross salaries. The Commission has paid all contributions required through December 31, 2015.

NOTE 5 - RISK MANAGEMENT

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

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



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Corrections Commission of Southeastern Ohio
Athens County
16677 Riverside Drive
Nelsonville, Ohio 45764

To the Corrections 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 by fund type of the Corrections Commission of Southeastern Ohio, Athens County, Ohio, as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements and have issued our report thereon dated June 22, 2016 wherein we noted the Corrections Commission of Southeastern Ohio followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statements audit, we considered the Corrections Commission of Southeastern Ohio's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corrections Commission of Southeastern Ohio'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 a 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 Corrections Commission of Southeastern Ohio'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Corrections Commission
Corrections Commission of Southeastern Ohio

Compliance and Other Matters

As part of reasonably assuring whether the Corrections Commission of Southeastern Ohio's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

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 Corrections Commission of Southeastern Ohio's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corrections Commission of Southeastern Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 22, 2016

This page intentionally left blank.



Dave Yost • Auditor of State

CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 28, 2016**