



Dave Yost • Auditor of State

HARRISON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Harrison County
100 West Market Street
Cadiz, Ohio 43907

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of Harrison County, Ohio (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 County'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 County'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

As described in Note 1B of the financial statements, the County prepared these financial statements using the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. However, Ohio Administrative Code § 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion

In our opinion, because of the matter described in the *Basis for Adverse Opinion* paragraph, the financial statements do not present fairly the financial position, results of operations, and cash flows, where applicable, of Harrison County, Ohio, as of and for the year ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

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 also not a required part of the financial statements.

Because of the significance of the matter described in the *Basis for Adverse Opinion* paragraph, it is inappropriate to express and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the County'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 County's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2016

HARRISON COUNTY

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

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$5,262,629	\$2,410,752	\$0	\$943,316	\$0	\$8,616,697
Charges for Services	694,194	3,490,004	0	0	0	4,184,198
Licenses, Permits and Fees	975	0	0	0	0	975
Fines and Forfeitures	104,502	105,964	0	0	0	210,466
Intergovernmental	682,263	7,937,523	0	310,705	0	8,930,491
Special Assessments	0	4,573	0	0	0	4,573
All Other Revenue	53,040	713,662	0	5,200	7,050	778,952
Total Cash Receipts	6,797,603	14,662,478	0	1,259,221	7,050	22,726,352
Cash Disbursements						
Current:						
General Government						
Legislative and Executive	4,368,028	1,063,361	0	0	0	5,431,389
Judicial	896,396	935,838	0	0	0	1,832,234
Public Safety	878,179	748,125	0	0	0	1,626,304
Public Works	49,793	4,774,896	0	0	0	4,824,689
Health	0	1,430,667	0	0	0	1,430,667
Human Services	149,214	6,018,413	0	0	0	6,167,627
Miscellaneous	0	23,933	0	0	288	24,221
Capital Outlay	0	0	0	2,611,236	20,623	2,631,859
Debt Service:						
Principal Retirement	4,188	314,852	0	0	0	319,040
Interest and Fiscal Charges	0	47,494	0	0	0	47,494
Total Cash Disbursements	6,345,798	15,357,579	0	2,611,236	20,911	24,335,524
Excess of Cash Receipts Over (Under) Cash Disbursements	451,805	(695,101)	0	(1,352,015)	(13,861)	(1,609,172)
Other Financing Receipts (Disbursements)						
Transfers In	0	995,659	0	3,250,000	0	4,245,659
Transfers Out	(4,395,659)	0	0	0	0	(4,395,659)
Advances In	0	105,441	0	0	0	105,441
Advances Out	(355,441)	0	0	0	0	(355,441)
Other Financing Sources	2,480,550	0	0	0	0	2,480,550
Other Financing Uses	(199,200)	0	0	0	0	(199,200)
Total Other Financing Receipts (Disbursements)	(2,469,750)	1,101,100	0	3,250,000	0	1,881,350
Net Change in Fund Cash Balances	(2,017,945)	405,999	0	1,897,985	(13,861)	272,178
Fund Cash Balances, January 1	4,359,111	5,070,151	126	5,673,650	176,517	15,279,555
Fund Cash Balances, December 31						
Restricted	0	5,567,555	0	7,571,635	157,635	13,296,825
Committed	0	0	126	0	5,021	5,147
Unassigned (Deficit)	2,341,166	(91,405)	0	0	0	2,249,761
Fund Cash Balances, December 31	\$2,341,166	\$5,476,150	\$126	\$7,571,635	\$162,656	\$15,551,733

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

HARRISON COUNTY

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

	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Taxes	\$0	\$282,958	\$282,958
Charges for Services	631,301	498,676	1,129,977
Intergovernmental	0	18,891	18,891
	<u>631,301</u>	<u>800,525</u>	<u>1,431,826</u>
<i>Total Operating Cash Receipts</i>			
Operating Cash Disbursements			
Personal Services	439,189	0	439,189
Contract Services	174,739	0	174,739
Supplies and Materials	368,851	0	368,851
Capital Outlay	247,170	0	247,170
	<u>1,229,949</u>	<u>0</u>	<u>1,229,949</u>
<i>Total Operating Cash Disbursements</i>			
<i>Operating Income (Loss)</i>	<u>(598,648)</u>	<u>800,525</u>	<u>201,877</u>
Non-Operating Receipts (Disbursements)			
Grants	189,851	0	189,851
Note Retirement	(19,837)	0	(19,837)
Interest Expense and Fiscal Charges	(2,904)	0	(2,904)
O.W.D.A. Loan Retirement	(19,679)	0	(19,679)
Other Non-Operating Revenue	47,769	36,915,092	36,962,861
Other Non-Operating Expense	0	(37,055,565)	(37,055,565)
	<u>195,200</u>	<u>(140,473)</u>	<u>54,727</u>
<i>Total Non-Operating Receipts (Disbursements)</i>			
<i>Income (Loss) before Transfers and Advances</i>	(403,448)	660,052	256,604
Transfers In	150,000	0	150,000
Advances In	250,000	0	250,000
	<u>(3,448)</u>	<u>660,052</u>	<u>656,604</u>
<i>Net Change in Fund Cash Balances</i>			
<i>Fund Cash Balances, January 1</i>	<u>153,700</u>	<u>1,613,411</u>	<u>1,767,111</u>
<i>Fund Cash Balances, December 31</i>	<u>\$150,252</u>	<u>\$2,273,463</u>	<u>\$2,423,715</u>

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

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015

1. Summary of Significant Accounting Policies

A. Description of the Entity

Harrison County (the County), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operated under the direction of a three-member elected Board of County Commissioners. A county auditor and county treasurer, both of whom are elected, are responsible for the fiscal control of the resources of the County which are maintained in the funds below. Other officials elected by the voters of the County that manage the County's operations are the county recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, one common pleas judge, and a county court/probate/juvenile judge. Although these elected officials manage the internal operations of their respective departments, the Board of County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting authority, and the chief administrators of the public services of the County. Services provided by the County include general government, both executive and judicial, law enforcement, public works, public safety, health, welfare, conservation, and maintenance of highways, roads, and bridges. Taxes are levied, collected, and distributed to the schools, townships, municipalities, and appropriate County funds.

For financial reporting purposes, the County's cash basis combined statements include all funds, agencies, boards, commissions, and departments for which the County is financially accountable. Management believes the financial statements included in this report represent all of the funds, agencies, boards, commissions, and departments of the County over which the County has the ability to exercise direct operational control.

The County serves as the fiscal agent but is not financially accountable for the District Board of Health and the Soil Conservation Services and their operations are not fiscally dependent on the County. Accordingly, the above named organizations are excluded from the accompanying financial statements and each is subject to a separate audit.

B. Accounting Basis

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual financial reports in accordance with generally accepted accounting principles. The basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Deposits and Investments

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

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Deposits and Investments (Continued)

Gains or losses at the time of sale are recorded as receipts and disbursements, respectively. Certificates of deposits are valued at cost.

D. Fund Accounting

The County maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the county are financed. The following are the County's governmental fund types:

General Fund – The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific resources (other than trusts or major capital projects) that are legally restricted to expenditure for specific purchases.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service funds might also be used to account for the payment of long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds.

Capital Project Funds – The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Permanent Funds – These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry).

2. Proprietary Funds

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

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Proprietary Funds (Continued)

Enterprise Funds – Enterprise funds are used to account for County activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Agency funds are custodial in nature and are used to hold resources for individuals, organizations or other governments, the County's fiduciary funds are all agency funds.

E. Budgetary Process

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2015 unencumbered fund balances. However, these fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation must be passed by April 1 or each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations which have set forth amounts for each office, department, division, and within each of these amounts appropriated for personal services, and appropriations may not exceed estimated resources.

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

4. Encumbrances

The Ohio Revised Code requires the County to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

F. Property, Plant, and Equipment

Fixed assets acquired or constructed from general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as 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 or enabling legislation (County resolutions). Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

G. Fund Balance (Continued)

Assigned: Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the County Commissioners. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County 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.

H. Operating Receipts and Disbursements

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts are those receipts that are generated directly from the primary activity of the proprietary funds. For the county, these receipts are rural transit and county water charges for services. Operating disbursements are necessary costs incurred to provide the good or service that are the primary activity of the fund. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

I. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. Equity in Pooled Deposits and Investments

Monies held by the County are classified by State Statute into two categories: active and inactive. Active monies are public monies determined to be necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Huntington Bank, PNC Bank and Chase Bank are the financial institutions for Harrison County.

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities entered into by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase;
10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper;
12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers' acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are the possession of an outside party. At year ended December 31, 2015, \$3,521,387 of the County's bank balance of \$19,092,500 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

For purposes of this note presentation, the County had no qualifying investments as defined by the Governmental Accounting Standards Board (GASB).

3. Legal Compliance

Ohio Admin. Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepares its financial report in accordance with standards established by the Auditor of State for governmental entities not required to prepare an annual financial report in accordance with generally accepted accounting principles.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

4. Budgetary

Budgetary activity, excluding advances, for the year ending December 31, 2015, follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,533,381	\$9,278,153	(\$255,228)
Special Revenue	16,306,271	15,658,137	(648,134)
Capital Projects	4,774,736	4,509,221	(265,515)
Permanent	490,269	7,050	(483,219)
Enterprise	977,589	1,018,921	41,332
Total	\$32,082,246	\$30,471,482	(\$1,610,764)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,778,016	\$10,940,657	(\$162,641)
Special Revenue	18,231,861	15,357,579	2,874,282
Capital Projects	2,697,376	2,611,236	86,140
Permanent	23,000	20,911	2,089
Enterprise	1,379,621	1,272,369	107,252
Total	\$33,109,874	\$30,202,752	\$2,907,122

Contrary to Ohio Rev. Code § 5705.10(D), rural transit grant monies in the amount of \$15,678 were posted to the Local Match Fund rather than the Rural Transit Fund. Contrary to Ohio Rev. Code § 5705.39, appropriations exceeded estimated resources in the Job and Family Public Assistance and Rural Transit Funds' by \$89,822 and \$78,972, respectively. Contrary to Ohio Rev. Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in the General Fund by \$162,641.

5. Property Tax

Real Property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2011.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the fiscal year ended December 31, 2015, was \$14.42 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective rate was \$11.07 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$14.37 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

5. Property Tax (Continued)

The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

Real Property Tax	
Residential/Agricultural	\$276,843,785
Commercial/Industrial	36,079,600
Public Utilities	1,183,500
Tangible Personal Property	
Public Utilities	<u>55,030,900</u>
Total Valuation	<u>\$369,137,785</u>

The Harrison County Treasurer collects property tax on behalf of all taxing districts within the County. The Harrison County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collection of the taxes and remittances of them to the taxing districts are accounted for in various agency funds of the County.

6. Capital Lease

During 2015, the County entered into a lease-purchase agreement to finance the construction of a radio tower and purchase the related equipment. The lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

No payments were required to be made in 2015.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of December 31, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 152,920
2017	152,920
2018	152,920
2019	152,920
2020	<u>152,921</u>
Total minimum lease payments	764,601
Less: amount representing interest	<u>(62,267)</u>
Total	<u>\$ 702,334</u>

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

7. Debt Obligations

Debt outstanding at December 31, 2015, consisted of the following:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$353,087	5.6-5.75%
General Obligation Notes	34,565	1.5%-3%
Ohio Public Works Commission Loans	623,358	0%
Ohio Water Development Authority Loans	383,886	1.5-3.95%
Lease (See Note 6)	702,334	2.9%
Total	<u>\$2,097,230</u>	

There were 2 outstanding notes. One note was of the general obligation type with the Village of Cadiz Community Improvement Council for the Industrial Park water tower and Jameson Avenue repairs. The taxing authority of the County collateralizes the note. The other note was a State Infrastructure Bank Loan made to the County by the Ohio Department of Transportation (ODOT) for the reconstruction of County Road 29. This loan is secured by gasoline tax monies received by the County.

The proceeds of the outstanding general obligation bonds were used for the renovation and improvement of the new government center building, the human services building, construction of a county garage, and purchase of road equipment. General obligation bonds are direct obligations of the County for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the County.

Proceeds from the Ohio Public Works Commission notes were used by County Engineer for bridge replacements, county roads resurfacing, water lines and culvert replacements. The notes are direct obligations of the County for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the County.

The Ohio Water Development Authority (OWDA) loans are for utility construction projects that include water quality enhancements and pollution control measures. Loan proceeds were used to upgrade the Tippecanoe Wastewater system, county wide waterline extensions and a storage yard cleanup of hazardous materials. Except for the loan for the storage yard cleanup, which is paid with gasoline tax monies, the amounts outstanding as of December 31, 2015 are expected to be repaid from charges for services collected. The County has set water rates sufficient to cover OWDA debt service requirements.

In 2010, the County entered into an agreement with Oklahoma State Bank to lease an asphalt zipper for use by the engineer's office. The lease was paid off during 2015.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

7. Debt Obligations (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2015, including interest, are as follows:

Year ending December 31:	Ohio Public Works Commission	OWDA Loans	General Obligation Bonds	General Obligation Notes	Lease
2016	\$76,330	\$56,911	\$67,400	\$23,400	\$152,920
2017	76,330	57,311	67,400	12,401	152,920
2018	76,330	57,311	67,400		152,920
2019	76,330	57,311	67,400		152,920
2020	74,826	49,311	67,400		152,921
2021-2025	213,965	134,877	84,250		
2026-2030	29,247	7,983			
Total	<u>\$623,358</u>	<u>\$421,015</u>	<u>\$421,250</u>	<u>\$35,801</u>	<u>\$764,601</u>

8. Risk Management

The County is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of forty-two counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public official's errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of the member counties are eligible to serve on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligation to make coverage payments to CORSA.

The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest in CORSA.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

The County pays the State Worker's Compensation System a premium based on a rate per \$100 of employees compensation. The rate is calculated based on accident history and administrative costs.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

8. Risk Management (Continued)

Health Care Insurance

The County provides medical/surgical insurance benefits to its employees through The Health Plan. The employees share the cost of the monthly premium with the Board of Commissioners. Vision insurance is provided by the County to employees.

Life Insurance

The County provides life insurance of \$15,000 to each employee.

9. Permissive Sales and Use Tax (Piggyback Sales Tax)

A County levied tax of one and one-half percent (1.5%) is applied on the storage, use, or other consumption, in the county, of motor vehicles, and on the storage, use, or other consumption, in the county, of tangible personal property. The County receives tax proceeds in two separate payments simultaneously each month. The County provides for the following breakdown: 75% of the larger payment plus 100% of the smaller payment is allocated to the general fund revenue to be appropriated for general operating expenses; of the remaining 25%, \$5,616.67 of the proceeds are Government Center Revenues for the repayment of the Government Center Debt and the remaining proceeds are capital projects fund revenue to be appropriated for capital improvements. Total permissive sales and use tax (piggyback sales tax) receipts collected in 2015 amounted to \$5,172,635.

10. Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-6701 or (800)222-7377.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

10. Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (Continued)

For the year ended December 31, 2015, the members of all three plans, except for those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 13 percent of their annual covered salary; members in public safety contributed 12 percent. The County's contribution rate for pension benefits for 2015 was 14 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 18.1 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2015, 2014, and 2013 were \$1,035,065, \$973,797, and \$893,681. One hundred percent has been contributed for 2015, 2014, and 2013.

State Teachers Retirement System

Certified teachers employed by the school for the Board of Mental Retardation and Development Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

The Ohio Revised Code provides statutory authority of 12% from January 1 through June 30, 2015 and 13% from July 1 through December 31, 2015 for employee contributions and 14% for County contributions. The contribution requirements of plan members and the County are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 12% from January 1 through June 30, 2015 and 13% from July 1 and December 31, 2015 for members and 14% for employers.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

10. Defined Benefit Pension Plan (Continued)

State Teachers Retirement System (Continued)

The County's contribution to the STRS of Ohio for the years ended December 31, 2015, 2014 and 2013 was \$15,257, \$15,269 and \$14,997, respectively. 100% has been contributed for 2015, 2014 and 2013. After 2014, no contributions were made to the DC and Combined Plan by the County or plan members.

11. Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description-The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan-a defined contribution plan; and the Combined Plan a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for post-employment health care coverage, aged and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contributions to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed at a rate of 14% of covered payroll and public safety and law enforcement employers contributed at 18.1%.

The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

11. Post-Employment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan and Combined Plan in 2015 was 2 percent, which remained unchanged from 2014.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were \$20,701, \$19,476 and \$8,936 respectively, which were equal to the required contributions for each year.

State Teachers Retirement System (STRS)

Plan Description – The County participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorized STRS to offer this plan. Benefits include hospitalization physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888)227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Effective July 1, 2014, the County's contributions for health care were discontinued. Therefore, the County's contributions for the fiscal years end December 31, 2015, 2014 and 2013 were \$0, \$0, and \$1,071.

12. Contingent Liabilities

A. Grants

The County received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the County at December 31, 2015, if applicable, cannot be determined at this time.

B. Litigation

Management believes there is no pending litigation that could have a material adverse effect on the financial position of the County.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

13. Subsequent Events

- A.** On January 13, 2016, the County Commissioners approved an agreement to provide a loan to Harrison Community Hospital in the amount of \$500,000 at a rate of 1% interest. This loan was to be paid in full by the Harrison Community Hospital by November 30, 2016 per the agreement. As of the date of this report, the hospital has requested a 90 day extension, but such has not been approved by the Commissioners and the loan has not been repaid.
- B.** The County General Fund provided a loan to the Engineer's Office in a previous year as noted in Finding 2015-003. As of the date of this report the Engineer's Office has not made either of the two loan payments due in 2016.

HARRISON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	JFSCFP15 JFSCFP16 JFSCF115 JFSCF116 JFSCFB15 JFSCFB16	\$681 289 8,513 6,328 125,078 33,434
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>174,323</u>
Total U.S. Department of Agriculture			174,323
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants - State's Program	14.228	B-F-14-1 BE-1 B-C-13-1 BE-1	75,000 199,461
Total U.S. Department of Housing and Urban Development			274,461
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the Ohio Department of Education</i>			
Special Education - Preschool Grants (IDEA Preschool)	84.173	2016 2015	3,687 7,107
Total Special Education - Preschool Grants			<u>10,794</u>
Total U.S. Department of Education			10,794
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through the State Emergency Management Agency</i>			
Emergency Management Performance Grants	97.042	2015 2014	7,017 17,796
Total Emergency Management Performance Grants			<u>24,813</u>
Total U.S. Department of Homeland Security			24,813
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through the Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	93.667	N/A	10,699
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Promoting Safe and Stable Families	93.556	JFSCPF15 JFSCPF16	1,602 9,277
Total Promoting Safe and Stable Families			<u>10,879</u>
Temporary Assistance for Needy Families	93.558	JFSCTF15 JFSCTF16	412,220 96,628
Total Temporary Assistance for Needy Families			<u>508,848</u>
Child Support Enforcement Child Support Incentive Total Child Support Enforcement	93.563	JFSFC557	423,381 35,730 459,111
Child Care and Development Block Grant	93.575	JFSCCD15	2,143
Stephanie Tubbs Jones Child Welfare Services Program	93.645	JFSCCW15	731

HARRISON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
<i>Passed Through the Ohio Department of Job and Family Services (Continued)</i>			
Foster Care Title IV-E	93.658	JFSCFC15	\$32,787
		JFSCFC16	7,428
IV-E Reimbursement			161,649
Total Foster Care Title IV-E			<u>201,864</u>
Adoption Assistance	93.659	JFSCAA15	58,600
		JFSCAA16	17,187
		JFSFAA15	2,100
Total Adoption Assistance			<u>77,887</u>
Social Services Block Grant	93.667	JFSCSS15	45,773
		JFSCSS16	40,241
		JFSCTX15	142,217
		JFSCTX16	50,000
Total Social Services Block Grant			<u>278,231</u>
Medical Assistance Program	93.778	MCDFMT15	367,516
		MCDFMT16	136,596
Total Medical Assistance Program			<u>504,112</u>
Total U.S. Department of Health and Human Services			2,054,505
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Workforce Investment Act Area 16</i>			
Workforce Investment Act Cluster:			
WIA/WIOA Adult Program	17.258	N/A	56,782
WIA/WIOA Youth Activities	17.259	N/A	20,415
WIA/WIOA Dislocated Worker Formula Grants	17.278	N/A	27,278
Total Workforce Investment Act Cluster			<u>104,475</u>
Total U.S. Department of Labor			104,475
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through the Ohio Department of Transportation</i>			
Formula Grants for Rural Areas	20.509	RFT-0034-033-132	38,888
		APPL-4104-035-151	99,905
		RPTM-0104-035-152	41,637
Total Formula Grants for Rural Areas			<u>180,430</u>
State of Good Repair Grants Program	20.525	104-BABF-15-0200	12,198
Total U.S. Department of Transportation			<u>192,628</u>
Total Expenditures of Federal Awards			<u><u>\$2,835,999</u></u>

The accompanying notes are an integral part of this Schedule.

HARRISON COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2015. 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 County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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Dave Yost • Auditor of State

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

Harrison County
100 West Market Street
Cadiz, Ohio 43907

To the Board of Commissioners:

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 Harrison County, Ohio (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated December 21, 2016, wherein we noted the County's financial statements do not comply with accounting principles generally accepted in the United States of America; therefore, we were unable to express an opinion on the Schedule of Expenditures of Federal Awards.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County'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 County's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

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 County's financial statements. We consider findings 2015-003 and 2015-008 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2015-002 and 2015-005 described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the County'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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2015-001 and 2015-003 through 2015-007.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2016



Dave Yost • Auditor of State

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

Harrison County
100 West Market Street
Cadiz, Ohio 43907

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Harrison County, Ohio's (the County), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the County's major federal programs.

Management's Responsibility

The County's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs 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 County'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 each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

The County'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 County'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 County'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's compliance requirement will not be prevented, or timely detected or corrected. A significant deficiency in internal over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2015-009.

The County's response to our internal control over compliance finding is described in the accompanying Schedule of Findings and corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2016

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR Part 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Temporary Assistance for Needy Families (TANF) – CFDA #93.558 • Child Support Enforcement – CFDA #93.563 • Medical Assistance Program – CFDA #93.778 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR Part 200.520?	No

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

FINDING NUMBER 2015-001

Finding for Recovery

The Harrison County Auditor's office received cash payments from customers for copies of tax cards and tax maps. The funds were placed in a metal box referred to by employees as "the tin", which was located in an open safe in the office. Small office supply purchases were allegedly made from the tin; however, purchases were not recorded and expenditure receipts were not maintained or available for examination. All office employees had access to the tin and sufficient controls were not implemented over the funds.

Duplicate receipts for cash payments were issued by office employees only when requested by customers. The cash in the tin was not reconciled to receipt books and pay-ins were not made on a regular basis. Office employees prepared pay-ins based on the cash and checks in the tin at the time with little consideration for the amount of payments collected. Pay-ins were prepared on random dates, often months apart and with large dollar variances between the amounts recorded in the receipt books and the amount of cash in the tin.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2015-001
(Continued)

Finding for Recovery (Continued)

A comparison of the pay-ins to the duplicate receipts recorded from May 2008 through September 2014, indicated \$21,410 was missing from the copy fund maintained in the tin. We examined pay-ins for 2015 and observed no additional exceptions.

Deputy Auditor Judy Heath was the office manager responsible for oversight of cash collected and placed in the tin. Ms. Heath was also responsible for making pay-ins, and admitted reconciliations were not completed and controls were not in place for the cash. Though Ms. Heath was primarily responsible for the funds, other staff members also periodically completed duplicate receipts and pay-ins.

In April 2016, Ms. Heath provided a written statement admitting to theft of some funds from the tin. On September 28, 2016, Ms. Heath entered a negotiated plea of guilty to one count of theft in office for taking \$7,690. This amount was based on cash deposits made to her personal account from January 1, 2013 through December 31, 2014.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but not accounted for is hereby issued against Judy Heath in the amount of \$7,690 and in favor of the Harrison County Real Estate Assessment Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but not accounted for is hereby issued against Harrison County Auditor Patrick Moore, and the Old Republic Surety Company, his bonding company, jointly and severally, in the amount of \$13,720, and in favor of the Harrison County Real Estate Assessment Fund.

Officials’ Response: See Corrective Action Plan on page 37.

FINDING NUMBER 2015-002

Significant Deficiency

The County Auditor's Office (the Office) collects fees for the cost of documents that were copied or printed in the Office. Cash collected for these fees was placed in a cookie tin in the safe in the Office. Duplicate receipts for these collections were only prepared if a customer requested a receipt. Pay-ins were prepared for these collections at random intervals by various employees of the Office. No attempt was made to reconcile the amount in the cookie tin to the duplicate receipts since duplicate receipts were only prepared upon customer request. In addition, when pay-ins were prepared for the cash in the cookie tin, no specific amount of cash was to be left in the cookie tin for change, therefore, the amount remaining in the cookie tin varied based on the preparer of each pay-in.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2015-002
(Continued)

Significant Deficiency (Continued)

A small amount of expenditures, similar to those generally paid for out of a petty cash account, were reportedly made out of the cash in the cookie tin, however, receipts were not retained to support these expenditures.

As a result, a shortage of \$21,410 was noted for these fees from 2008 through 2014 per Finding 2015-001.

The Office should prepare written procedures for copy fee collection and deposit. These procedures should require the preparation of a duplicate receipt for all fees collected for copies. In addition, pay-ins for these collected fees should be made at regular intervals and should be reconciled to the duplicate receipts. To ease in this reconciliation process the last duplicate receipt included in each pay-in should be documented as such, and a specific amount of cash to remain to be used for change after each pay-in is made, should be established. Finally, if the Office wishes to utilize a petty cash account, such should be maintained separately from copy fees and should have separate written procedures establishing the process for the expenditure and reimbursement of petty cash, and the retention of receipts to support petty cash expenditures.

Officials' Response: See Corrective Action Plan on page 37.

FINDING NUMBER 2015-003

Finding for Adjustment and Material Weakness

Ohio Rev. Code § 321.23 states that a county treasurer who loans money belonging to the county, with or without interest, or uses such money for his own individual purpose, shall forfeit and pay, for each such offense, not less than one hundred nor more than five hundred dollars, to be recovered in an action in the name of the state, for the use of the county.

In prior years, the County Treasurer issued loans to the County Engineer.

These loans were paid directly to the vendors on warrants issued by the County Treasurer from the general operating checking account rather than on county warrants processed by the County Auditor and posted to the County ledgers. The County had one outstanding loan at December 31, 2015, which was included in the investment balance on the County's bank reconciliation at December 31, 2015.

Below is the outstanding loan balance as of December 31, 2015:

- County Engineer - \$229,917 for employee retirement buyout

Had this loan been properly expended from the General Fund, the net effect of the loan activity would result in the General Fund's ending cash balance being lower by \$229,917 than the amount reported in the County's accompanying financial statements.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund in the amount of \$229,917.

HARRISON COUNTY

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015
(Continued)**

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

**FINDING NUMBER 2015-003
(Continued)**

Finding for Adjustment and Material Weakness - Ohio Rev. Code § 321.23 (Continued)

The County should discontinue the practice of loaning money to other county departments. The County Commissioners should consult their legal counsel when the need arises to issue debt.

Officials' Response: See Corrective Action Plan on page 37.

FINDING NUMBER 2015-004

Noncompliance

Ohio Admin. Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). The County filed financial statements with the Auditor of State, but those statements followed a cash accounting basis rather than generally accepted accounting principles. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures. The County is subject to fines and various other administrative remedies.

Failure to implement GAAP reporting could result in future opinion modifications or penalties under Ohio Rev. Code § 117.38.

The County should prepare its annual financial report in accordance with generally accepted accounting principles. The County should review Auditor of State Audit Bulletin 2005-002 for guidance on implementation and other compliance requirements.

Officials' Response: See Corrective Action Plan on page 37.

FINDING NUMBER 2015-005

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.10(D) states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. All revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose shall be paid into the general fund.

Rural Transit grant monies in the amount of \$15,678 were improperly posted to the T45 Local Match Fund, rather than B55 Harrison County Rural Transit Fund.

This adjustment, to which County management agrees, has been posted to the County's accounting records and is reflected in the accompanying financial statements.

The County should ensure operating grant revenue is recorded in the Harrison County Rural Transit Fund and capital grant revenue is recorded in the Local Match Fund.

Officials' Response: See Corrective Action Plan on page 37.

HARRISON COUNTY

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015
(Continued)**

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

FINDING NUMBER 2015-006

Noncompliance

Ohio Rev. Code § 5705.39 prohibits a political subdivision from making a fund appropriation in excess of the total estimated resources available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources. This section also requires the County to obtain a County Auditor's Certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

In 2015, the County approved appropriations for the Job and Family Public Assistance Fund (H00) in the amount of \$2,346,700, which exceeded the estimated resources of \$2,256,878 by \$89,822. In addition, the County also approved appropriations for the Rural Transit Fund (B55) in the amount of \$628,621, which exceeded the estimated resources of \$549,649 by \$78,972.

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative fund balances.

The County should ensure that the total appropriations for each fund are within the estimated resources for each fund to avoid possible deficit spending.

Officials' Response: See Corrective Action Plan on page 37.

FINDING NUMBER 2015-007

Noncompliance

Ohio Rev. Code § 5705.41(B) states, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

During 2015, expenditures exceeded appropriations in the General Fund by \$162,641.

The County should regularly monitor appropriations and expenditures and, if necessary, file amendments with the County Auditor to ensure that expenditures from each fund do not exceed the total appropriations. This will help to reduce the risk of disbursements exceeding appropriations and will add a measure of control over the County's budgetary process.

Officials' Response: See Corrective Action Plan on page 37.

FINDING NUMBER 2015-008

Material Weakness

The County should maintain an accounting system and accounting records sufficient to enable the County to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The County did not always record receipts, disbursements, and fund balance into accurate fund and/or classifications on the financial statements.

HARRISON COUNTY

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015
(Continued)**

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

**FINDING NUMBER 2015-008
(Continued)**

Material Weakness (Continued)

The following errors were noted:

- Expenditures in the Harrison County Rural Transit Fund in the amount of \$130,262 were improperly posted as Personal Services, rather than Contract Services in the amount of \$65,185 and Supplies and Materials in the amount of \$65,077.
- Expenditures in the County Water District Fund in the amount of \$413,328 were improperly posted as Personal Services, rather than Contract Services in the amount of \$109,554 and Supplies and Materials in the amount of \$303,774.
- Expenditures in the County Waterline Plan & Expansion Fund in the amount of \$136,916 were improperly posted as Personal Services, rather than Capital Outlay.
- The County improperly posted a prior audit adjustment in the General Fund in the amount of \$150,000 to Other Financing Sources, rather than Beginning Fund Balance.
- The County improperly posted a prior audit adjustment in the Gas Tax Fund in the amount of \$4,707 to Public Works rather than Beginning Fund Balance.
- Local Match grant monies in the amount of \$43,309 were improperly classified as Other Non-Operating Revenue, rather than Grants in the Local Match Fund.

The adjustments noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

Additionally, the following errors were noted that were not deemed significant and are not reflected in the accompanying financial statements:

- Foster Care funds received from the state in the amount of \$170,573 were improperly classified as All Other Revenue, rather than Intergovernmental in the Children Services Levy Fund.
- 2nd half real estate tax settlement monies in the amount of \$112,112 were improperly classified as Charges for Services, rather than Taxes in the 911 Fund.
- The sale of two Rural Transit vehicles in the amounts of \$11,424 and \$13,091 were improperly classified as Other Non-Operating Revenue, rather than Sale of Capital Assets in the T45 Local Match Fund.
- Rural Transit fare receipts in the amount of \$23,254 were improperly classified as Other Non-Operating Revenue, rather than Charges for Services in the T45 Local Match Fund.
- The Records Equipment fund balance in the amount of \$505,600 was improperly classified as restricted, rather than unassigned.

By not properly reporting financial activity could result in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the County's financial position and operations.

The County should take the necessary steps to ensure that all receipts, expenditures, and fund balance are properly presented and disclosed in the County's financial statements.

Officials' Response: See Corrective Action Plan on page 37.

HARRISON COUNTY

SCHEDULE OF FINDINGS
2 CFR PART 200.515
DECEMBER 31, 2015
(Continued)

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

3. FINDING FOR FEDERAL AWARDS

Controls – Signing/Initialing Invoices

Finding Number	2015-009		
CFDA Title and Number	Child Support Enforcement – CFDA #93.563		
Federal Award Identification Number / Year	JFSFC557		
Federal Agency	Department of Health and Human Services		
Pass-Through Entity	Ohio Department of Job and Family Services		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

The Child Support Enforcement Agency Director (CSEA), or his designee, signs or initials invoices/vouchers to indicate the expenditures are allowable activities/costs of the Child Support Enforcement Title IV-D federal grant.

During 2015, the CSEA Director, or a designee, did not sign or initial invoices/vouchers to indicate approval of direct and indirect disbursements for eight percent of the tested indirect cost disbursements and eleven percent of the tested direct cost disbursements.

The CSEA should take the necessary steps to ensure that invoices/vouchers are reviewed and approved for direct and indirect expenditures to ensure they are allowable activities/allowable costs of the Child Support Enforcement Title IV-D federal grant.

Officials' Response: See Corrective Action Plan on page 38.

HARRISON COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR PART 200.511(b)
DECEMBER 31, 2015

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Admin. Code § 117-2-03(B) for not preparing financial statements in accordance with generally accepted accounting principles.	Not Corrected	Repeated as Finding No. 2015-004.
2014-002	Significant Deficiency for not always recording receipts and disbursements into accurate funds and/or classifications.	Not Corrected	Repeated as Finding No. 2015-008.
2014-003	Noncompliance and Material Weakness – Significant errors to the Schedule of Federal Awards Expenditures prepared by the County.	Corrected	N/A.

HARRISON COUNTY

**CORRECTIVE ACTION PLAN
2 CFR PART 200.511(c)
DECEMBER 31, 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	The same procedures have been used for this petty cash fund since before I (Patrick Moore, County Auditor) came into office. Being such a small amount of cash on a daily basis and being immaterial to the total amount this office deals with, the employees were responsible for taking care of the petty cash fund. We have not had a recommendation on changing our procedures since I took office. Since the problem was discovered we have changed our procedure to have better control over the petty cash fund. Ms. Heath was a 17 year trusted employee and a 30 year friend who I never thought was capable of doing this type of thing. I always stressed that if any money was used to buy supplies out of this account that a receipt must accompany payment, we had receipts for purchases made out of this account but Ms. Heath admitted to throwing them away. Therefore, we cannot prove or disprove that the balance was for proper public expenditures.	December 31, 2016	Patrick Moore, County Auditor
2015-002	Since being informed of the inefficient procedure, we have lowered the petty cash starting amount, make pay-ins two to three times a week and reconcile to the receipt book and starting change fund.	December 31, 2016	Patrick Moore, County Auditor
2015-003	The County has discontinued making loans. When the engineer's office pays off this loan, this citation will no longer be here.	December 31, 2016	Patrick Moore, County Auditor
2015-004	The Auditor's office does not have the staff or the appropriation to comply with this citation.	December 31, 2016	Patrick Moore, County Auditor
2015-005	Rural Transit paid this amount into the wrong line item, upon discovery it was corrected.	December 31, 2016	Patrick Moore, County Auditor
2015-006	The County will try to monitor all funds to make sure we are in compliance.	December 31, 2016	Patrick Moore, County Auditor
2015-007	The County will monitor appropriations and expenditures on a more frequent basis to correct this problem.	December 31, 2016	Patrick Moore, County Auditor
2015-008	The Auditor's office reports what the various fund employees pay in, with a small auditor's staff we cannot always catch that the wrong line item was paid into. We will try to monitor this situation to ensure the proper codes are used when paying into their funds.	December 31, 2016	Patrick Moore, County Auditor

HARRISON COUNTY

CORRECTIVE ACTION PLAN
2 CFR PART 200.511(c)
DECEMBER 31, 2015
(Continued)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-009	<p>The agency has implemented a new fiscal system (CFIS) on July 1, 2016, to process vouchers. With this new system the vouchers that are being used now contain a signature line for approval.</p> <p>The agency has met with key staff in this process and reviewed its current policy on processing vouchers for expenditures. No vouchers are to be forwarded on to the County Auditor's office without the approval of the Director.</p>	December 31, 2016	David Watson, Director-Child Support Enforcement Agency



Dave Yost • Auditor of State

HARRISON 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
DECEMBER 29, 2016