



Dave Yost • Auditor of State



**FINANCIAL CONDITION  
JEFFERSON COUNTY**

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**FINANCIAL CONDITION  
JEFFERSON COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
ARRA Water and Waste Disposal Systems for Rural Communities Total Water and Waste Program Cluster	10.781		940,671 <hr/> 940,671
<i>Passed through the Ohio Department of Education</i>			
Board of Developmental Disabilities National School Lunch	10.555	FY 14 FY 15	21,737 8,971 <hr/> 30,708
Total DD National School Lunch			<hr/> 30,708
Food Distribution Program - Non Cash Assistance	10.555	FY 15	2,428
Juvenile Detention Department National School Lunch	10.555	FY 14 FY 15	49,157 11,678 <hr/> 60,835
Total Juvenile Detention National School Lunch			<hr/> 60,835
Sheriff Department National School Lunch	10.555	FY 14 FY 15	4,528 1,584 <hr/> 6,112
Total Sheriff Department National School Lunch			<hr/> 6,112
Total National School Lunch Program			100,083
<i>Passed through Ohio Department of Job and Family Services</i>			
State Administrative Matching Grant for Supplemental Nutrition Assistance	10.561	G-1415-11-5377	<hr/> 295,296
<b>Total U.S. Department of Agriculture</b>			<b>1,336,050</b>
<b>U. S. Department of Housing and Urban Development</b>			
Special Needs Assistance Program	14.235	OH0287L5E071204 OH0287L5E071305	177,601 142,605 <hr/> 320,206
Total Special Needs Assistance Program			<hr/> 320,206
Shelter Plus Care Grant	14.238	OH0201L5E071205 OH0201L5E071306 OH0432L5E071201 OH0432L5E071302	76,609 187,246 77,635 44,920 <hr/> 386,410
Total Shelter Plus Care Grant			<hr/> 386,410
<i>Passed through the Ohio Development Services Agency:</i>			
Community Development Formula Program	14.228	B-F-13-1BL-1	167,963
Community Housing Improvement Program	14.228	B-C-12-1BL-1	79,829
Home Investment Partnership Program	14.239	B-C-12-1BL-2	337,570
<b>Total U.S. Housing and Urban Development</b>			<b>1,291,978</b>
<b>U.S. Department of Education</b>			
<i>Passed through the Ohio Department of Education:</i>			
Special Education Cluster: Special Education Grants to States	84.027	066068-6B-SF-14 066068-6B-SF-15	26,053 20,829 <hr/> 46,882
Total Title VI B			<hr/> 46,882
Special Education - Preschool Grant	84.173	066068-PG-S1-14 066068-PG-S1-15	4,420 4,673 <hr/> 9,093
Total Preschool Grant			<hr/> 9,093
Total Special Education Cluster			
<i>Passed through the Ohio Department of Health</i>			
Special Education Grants for Infants and Families	84.181	04110021HG0314 04110021HG0315	26,249 12,812 <hr/> 39,061
Total Special Education Grants for Infants and Families			<hr/> 39,061
<b>Total U.S. Department of Education</b>			<b>95,036</b>

FINANCIAL CONDITION  
JEFFERSON COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
<b>Department of Homeland Security</b>			
<i>Passed Through the State Emergency Management Agency</i>			
Emergency Management Performance Grant	97.042	EMW-2013-EP-00060-S01 EMW-2014-EP-00064	36,373 <u>0</u>
Total Emergency Management Performance Grant			<u>36,373</u>
State Homeland Security Program	97.067	EMW-2011-SS-00070	<u>39,912</u>
<b>Total U.S. Department of Homeland Security</b>			<b>76,285</b>
<b>U. S. Department of Health and Human Services</b>			
<i>Passed Through the Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant - Title XX	93.667	MR-41-14 MR-41-15	19,939 <u>21,799</u>
Total Social Services Block Grant Title XX			<u>41,738</u>
Medicaid Administration Claiming (MAC)	93.778	FY 14	<u>208,042</u>
Total Medicaid Title XIX			208,042
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>			
Substance Abuse Prevention and Treatment Block Grant (Womens Set Aside Funds)	93.959	41-7063-WOMEN-T-13-9041 41-7063-WOMEN-T-14-9041	31,309 <u>2,159</u>
Total Substance Abuse Prevention and Treatment Block Grant			<u>33,468</u>
Substance Abuse Prevention and Treatment Block Grant (ADMS Per Capita Block Grant)		FY 13 FY 14 FY 15	39,903 208,425 <u>7,457</u>
Total Substance Abuse Block Grant			<u>255,785</u>
Preventative Treatment Block Grant Forensic Portion	93.958	FY 14 FY 14	48,025 <u>2,200</u>
Total Preventative Treatment Block Grant			<u>50,225</u>
Social Services Block Grant	93.667	FY 14 FY 15	29,279 <u>31,728</u>
Total Social Services Block Grant			<u>61,007</u>
<i>Passed Through Ohio Secretary of State</i>			
Voting Assistance for <i>Individuals with Disabilities</i>	93.617	FY 14	3,668
<i>Passed Through the Ohio Department of Job and Family Services</i>			
Child Support Enforcement Magistrates Program	93.563	FY 14	51,650
Temporary Assistance for Needy Families	93.558	G-1415-11-5377	2,389,652
Child Care Development Block Grant Title IVA	93.575	G-1415-11-5377	122,711
Social Services Block Grant Title XX	93.667	G-1415-11-5377	211,555
Job and Family Services Medical Assistance Program Title XIX	93.778	G-1415-11-5377	1,275,677
Child Support Enforcement Title IV D	93.563	G-1415-11-5377	657,321
Promoting Safe and Stable Families	93.556	G-1415-11-5377	5,892
Child Abuse and Neglect Prevention Month	93.590	G-1415-11-5377	1,350
Child Welfare Services	93.645	G-1415-11-5377	14,697
Adoption Assistance - Administration	93.659	G-1415-11-5377	232,136

**FINANCIAL CONDITION  
JEFFERSON COUNTY**

**FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Expenditures</b>
Chafee Foster Care Independent Program	93.674	G-1415-11-5377	2,600
<i>Passed Through the Office for Children and Families</i>			
Foster Care Title IV E	93.658	G-1415-11-5377	682,850
Administration			165,773
Foster Care Placement - Juvenile Court		G-1415-11-5377	248,010
Administrative - Juvenile Court			627,155
Total Title IV E			<u>1,723,788</u>
<b>Total Department of Health and Human Services</b>			<b>7,342,962</b>
<b>U.S. Department of Labor</b>			
<i>Passed Through the Ohio Department of Job and Family Services</i>			
WIA Adult Programs	17.258	G 1415-15-0306	273,725
WIA Dislocated Worker Formula Grant	17.278	G 1415-15-0306	1,241,078
WIA Youth Activities	17.259	G 1415-15-0306	123,269
Total WIA Cluster			1,638,072
National Emergency Grant	17.277	G 1415-15-0306	74,444
<b>Total U.S. Department of Labor</b>			<b>1,712,516</b>
<b>U.S. Department of Transportation</b>			
<b>Federal Aviation Administration</b>			
Airport Improvement Program	20.106	AIP3-39-0074-1512	18,200
		AIP3-39-0074-1613	157,219
		AIP3-39-0074-1714	228,163
Total Airport Improvement Program			<u>403,582</u>
<i>Passed through Governors Highway Safety Office</i>			
State and Community Highway Safety Grant	20.600	HVEO-2014-41-00-00-00365-00	17,439
<b>Total U.S. Department of Transportation</b>			<b>421,021</b>
<b>U.S. Election Assistance Commission</b>			
<i>Passed Through the Ohio Secretary of State</i>			
Help America Vote Act	90.401	FY 14	3,366
<b>Total U.S. Election Assistance Commission</b>			<b>3,366</b>
<b>U.S. Department of Justice</b>			
<i>Passed through Ohio Attorney General</i>			
Crime Victim Assistance Program	16.575	2014 VAGENE 030	28,224
		2015 VAGENE 030	9,934
		2014 SAGENE 030	1,292
		2015 SAGENE 030	0
Total Crime Victim Assistance Grant			<u>39,450</u>
<i>Passed through the Office of Criminal Justice Services</i>			
Violence Against Women Formula Grants	16.588	2013-WF-VA2-8249	32,893
Total Violence Against Women Formula Grants			<u>32,893</u>
<b>Total U.S. Department of Justice</b>			<b>72,343</b>
<b>Total Federal Awards Expenditures</b>			<b><u>\$12,351,557</u></b>

The accompanying notes to this schedule are an integral part of this schedule.

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**FINANCIAL CONDITION  
JEFFERSON COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the County's federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Non monetary assistance, such as food received from the U.S. Department of Agriculture, is reported on the Schedule at the fair value of the commodities received and consumed. At December 31, 2014, the County had no significant food commodities in inventory.

**NOTE C - SUBRECIPIENTS**

The County passes certain federal awards received from Ohio Development Services Agency and Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to sub recipients when paid in cash.

As a sub recipient, the government has certain compliance responsibilities, such as monitoring its sub recipients to help assure they use these sub awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub recipients achieve the award's performance goals.

**NOTE D - CHILD NUTRITION CLUSTER**

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

**NOTE E - 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.

**NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2014, the County made allowable transfers of \$409,195 from the Social Services Block Grant (SSBG) (93.667) program to the Temporary Assistance for Needy Families (TANF) (93.558) program. The Schedule shows the County spent approximately \$211,555 on the SSBG program.

The amount reported for the SSBG program on the Schedule excludes the amount transferred to the TANF program. The amount transferred to the TANF program is included as TANF expenditures when disbursed. The following table shows the gross amount drawn for the SSBG program during fiscal year 2014 and the amount transferred to the Temporary Assistance for Needy Families program.

Social Services Block Grant	\$ 620,750
Transfer to Temporary Assistance for Needy Families	<u>(409,195)</u>
Total Social Services Block Grant	<u>\$ 211,555</u>

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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*

Jefferson County  
301 Market Street  
Steubenville, Ohio 43952

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jefferson County, Ohio (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 25, 2015.

### ***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 opinions 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.

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

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

***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 2014-001 and 2014-002.

***Entity'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

June 25, 2015



# 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 OMB CIRCULAR A-133

Jefferson County  
301 Market Street  
Steubenville, Ohio 43952

To the Board of Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Jefferson County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Jefferson County's major federal programs for the year ended December 31, 2014. The *Summary of Audit 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

### ***Basis for Qualified Opinion on the Home Investment Partnership Program***

As described in Finding 2014-003 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management applicable to its Home Investment Partnership Program.

Compliance with this requirement is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

### ***Qualified Opinion on Home Investment Partnership Program***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Home Investment Partnership Program* paragraph, Jefferson County complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Home Investment Partnership Program* for the year ended December 31, 2014.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Jefferson County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended December 31, 2014.

### ***Other Matters***

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

### ***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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be material weakness.

*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 and corrected. A *significant deficiency in internal control 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2014-003 to be a material weakness,

The County's response to our internal control compliance findings are described in the accompanying 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 OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have also audited the financial statements of the governmental activities, the business-type activities, the each major fund and the aggregate remaining fund information of Jefferson County (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our unmodified thereon dated June 25, 2015. We conducted our audit to opine on the County's basic financial statements. The accompanying schedule of federal awards expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 25, 2015

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**FINANCIAL CONDITION  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified – #14.238 Shelter Plus Grant, 93.658 Title IV E, #93.558 Temporary Assistance to Needy Families, #17.258, 17.259, 17.278 Workforce Investment Act Qualified – 14.239 Home Investment Partnership Program
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #14.238 – Shelter Plus Grant CFDA #93.658 – Title IV E CFDA #93.558 Temporary Assistance for Needy Families CFDA #17.258, 17.259 & 17.278 Workforce Investment Act CFDA #14.239 Home Investment Partnership Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 370,546 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2014-001</b>
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**Noncompliance**

**Ohio Rev. Code § 5705.10 (I)** provides that money paid into any fund shall be used for the purpose for which it was established. At December 31, 2014, the Jail Operating Levy Fund and the Self Insurance - Health Fund had deficit balances of \$1,731,251 and \$2,483,780 respectively.

These deficit fund balances were created by the County in prior years through deficit spending. These deficit balances indicate that money from other funds have been used to pay the obligations of the aforementioned funds.

The County should review the plans that were established to eliminate these deficit balances and determine if the plans are adequate going forward.

**Official's Response:** The deficit fund balances in the Jail Operating Levy Fund and the Self Insurance-Health Fund have existed for a number of years. Both of these deficit balances have declined over the past several years.

The Board of County Commissioners has, on two separate occasions, attempted to have voters approve additional operating levies for the justice facility which would help eliminate the existing deficit balance. Since these attempts were unsuccessful, the Board continues to explore various options concerning the deficit in the Jail Operating Levy and will continue to examine all options until a formal plan can be devised to eliminate this deficit. Until a formal plan is devised and instituted, the County has and will continue to monitor this fund closely. Through more sound fiscal management the County has reduced the amount of this deficit.

The County currently has a plan in place which will eliminate the deficit balance in the Self Insurance-Health Fund. This deficit has been greatly reduced since the implementation of this plan providing evidence that the deficit reduction plan is working as intended. In addition, the County's health plan is reviewed on an annual basis. Plan changes are made as deemed necessary.

<b>Finding Number</b>	<b>2014-002</b>
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**Noncompliance**

**Ohio Rev. Code § 5705.39** prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources. The County's appropriations exceeded the amount certified as available by the budget commission in the Jail Operating Levy Fund and the Self Insurance - Health Fund by \$1,731,251 and \$2,481,226 respectively.

These budgetary issues were a direct result of these funds having negative fund balances at the beginning of the year. Failure to limit appropriations to the amount certified by the budget commission could result in overspending and increasing negative cash balances.

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

<b>Finding Number</b>	<b>2014-002</b>
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**Noncompliance – Ohio Rev.Code § 5705.39 – (Continued)**

The County should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the County should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Board of County Commissioners to reduce the appropriations.

**Official's Response:** The County has established policies, procedures, and internal controls pertaining to budgetary procedures that we believe are adequate to ensure compliance with applicable statutes. However, due to the deficit fund balances in the Jail Operating Levy Fund and the Self Insurance-Health Fund complete compliance with all applicable budgetary requirements could not be achieved.

While appropriations in these funds were within current year estimated revenues as certified to the budget commission, the deficit fund balances caused appropriations to exceed total estimated resources in those funds. Once the deficit fund balances have been eliminated in these funds, the County should be able to adequately monitor budgetary compliance to ensure that appropriations do not exceed total estimated resources available for expenditure.

**3. FINDINGS FOR FEDERAL AWARDS**

**Noncompliance and Material Weakness**

<b>Finding Number</b>	<b>2014-003</b>
<b>CFDA Title and Number</b>	Home Investment Partnership Program CFDA # 14.239
<b>Federal Award Number / Year</b>	B-C-12-1BL-2
<b>Federal Agency</b>	U. S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Development Services Agency

**Cash Management**

**24 C.F.R. Part 85.20(b)(7)** states in part that the financial management systems of other grantees and subgrantees must meet standards regarding cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasurer and disbursement by the grantees and sub grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of report on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transaction reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**Finding 2014-003 (Continued)**

**Noncompliance and Material Weakness – 24 C.F.R. Part 85.20(b)(7) (Continued)**

funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Further, the Office of Housing and Community Partnerships Management Rules and Regulations Section (A)(3)(f) states that grantees receiving federal funds must develop a cash management system to ensure compliance with the 15-day rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of any funds.

The County did not always disburse funds drawn on the HOME Investment Partnership Program (HOME) within 15 days of receipt. In some cases, funds were held for several months prior to being disbursed.

Cash management procedures for the HOME Investment Partnership Program (HOME) were not operating in a manner that effectively minimized the amount of time between funds being drawn and disbursed. There was a breakdown in communication between the consulting firm (CT Consultants) administering the grant on behalf of the County and the County Auditor's office. Information regarding the disbursement of funds drawn was not provided to the County Auditor's office in a manner that permitted timely disbursement of funds.

<b>Program</b>	<b>Number of Draws</b>	<b>Number of Draws in Violation of 15 Day Rule</b>	<b>% of Draws in Violation of the 15 Day Rule</b>
Home Investment Partnership Program	3	2	66.67%

Draw requests were prepared by CT Consultants and forwarded to the County for approval by the County Commissioners and then submitted to the Ohio Development Services Agency. Draws were not accompanied by invoices to be paid with funds drawn. Invoices were not always submitted to the Commissioners for payment in a timely manner. This resulted in funds being drawn and held for an extended period of time before invoices were submitted and subsequently paid.

The County should review the process for drawing and disbursing HOME Investment Partnership Program (HOME) grant funds. Steps should be taken to minimize the time elapsing between the receipt and disbursement of funds. This could include but not be limited to, having the grant administrator (CT Consultants) submit the invoices for which draws are being made at the same time the draw requests are sent for approval and submission. This would help ensure when funds are received they could be immediately disbursed.

**Officials Response:**

See Corrective Action Plan

**FINANCIAL CONDITION  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2013-01	<b>Ohio Rev. § 5705.10(l)</b> Several funds had deficit balances	No	Cited as 2014-001
2013-02	<b>Ohio Rev. § Section 5705.39</b> Appropriations exceeded the amount certified as available by the budget commission in some funds	No	Cited as 2014-002
2013-03	<b>24 C.F.R. Part 85.20(b)(7)</b> – Cash management	No	Cited as 2014-003
2013-04	<b>Grant agreement Reporting noncompliance</b>	No	Partially corrected, cited in management letter

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**FINANCIAL CONDITION  
JEFFERSON COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)**

**DECEMBER 31, 2014**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2014-003	<p>Jefferson County Regional Planning Commission, and every other political subdivision in the United States of America, find it virtually impossible to comply with the 15-day rule. Political subdivisions that can afford to up front the money and then request reimbursement, reasonably can comply with this rule.</p> <p>At the time we submit a drawdown to the Commissioners for their signature we only know the activity amount. We do not have an actual final invoice at that time. The contractors would need to wait additional time to receive payment if we waited until work was done and an invoice was submitted.</p> <p>However, there are many factors that contribute to the non-compliance with the 15-day rule, which really are not due to a breakdown in communication. The 15-day rule is always considered at the outset during the drawdown and invoicing processes. 1.) There are some communities where it takes at least thirty days to go through the required process to make payments to Vendors (Finance Committee review, Council approval, then forwarded to Auditor or Finance Director for payment; 2.) Some communities only make payments once a week, then forwards pay requests to Auditor or Finance Director for payment; 4.) Contractors can't wait six to seven weeks for payment of invoices due to the credit requirements placed on them by suppliers of materials. The contractors are small employee businesses, and don't have the cash flow. Draws are made in advance of invoicing based on a % of completion. Often times the contractors, for various reasons, do not have the % of completion as originally planned, thereby leaving unspent funds drawn; 5.) The Ohio Department of Services notifies communities in May of each year that the drawdown system will be closed for a month or so, and instructs communities to draw what is anticipated to be needed for payment for the next two months, in order not to delay payments to Vendors, which sometimes is overdrawn and not spent; and other reasons not stated herein.</p> <p>Jefferson County Regional Planning Commission acknowledges the rule, which really needs to be changed, and will make every effort to comply with the 15-day rule in the future.</p>	July 1, 2015	Domenick Mucci, Director Jefferson County Regional Planning Commission