



Dave Yost • Auditor of State



**PIKE COUNTY**  
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**Pike County, Ohio**  
*Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2014*

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements
<b>United States Department of Agriculture</b>			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5414	10.561	<u>\$263,736</u>
<i>Direct from Federal Government:</i>			
Rural Housing Preservation Grants	N	10.433	<u>1,974</u>
<b>Total United States Department of Agriculture</b>			<b>265,710</b>
<b>United States Department of Commerce</b>			
<i>Direct from Federal Government:</i>			
Investments for Public Works and Economic Development Facilities	N	11.300	<u>1,866,102</u>
<b>Total United States Department of Commerce</b>			<b>1,866,102</b>
<b>United States Department of Housing and Urban Development</b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:			
Community Development Program	B-E-11-1CI-1	14.228	1,979
Community Development Program	B-F-13-1CI-1	14.228	19,200
Appalachian Regional Commission Program	B-C-13-1CI-1	14.228	63,898
Appalachian Regional Commission Program	B-P-13-1CI-4	14.228	242,885
Community Development Program	B-P-13-1CI-1	14.228	67,249
Neighborhood Stabilization Program	B-W-13-1CI-1	14.228	120,448
Community Development Program	B-E-12-1CI-1	14.228	<u>8,592</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			524,251
HOME Investment Partnerships Program:			
HOME Investment Partnerships Program	B-C-13-1CI-2	14.239	<u>70,551</u>
Total HOME Investment Partnerships Program			<u>70,551</u>
<b>Total United States Department of Housing and Urban Development</b>			<b>594,802</b>
<b>United States Department of Transportation</b>			
<i>Direct from the Federal Government:</i>			
Airport Improvement Program	3-39-0088-0911	20.106	28,290
Airport Improvement Program	3-39-0088-1013	20.106	32,342
Airport Improvement Program	3-39-0088--011-2014	20.106	<u>162,259</u>
Total Airport Improvement Program			222,891
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID 92742	20.205	<u>1,516</u>
Total Highway Planning and Construction			1,516
<i>Passed Through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	N/A	20.600	<u>36,248</u>
<b>Total United States Department of Transportation</b>			<b>260,655</b>
<b>United States Department of Education</b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	6B-SF	84.027	10,502
Special Education-Preschool Grants	PG-S1	84.173	<u>503</u>
Total Special Education Cluster			11,005
<i>Passed through the Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families FY12	N/A	84.181	<u>32,051</u>
			32,051
<b>Total United States Department of Education</b>			<b>43,056</b>

(continued)

**Pike County, Ohio**  
*Schedule of Federal Awards Expenditures (continued)*  
For the Year Ended December 31, 2014

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements
<b>United States Department of Homeland Security</b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA 4002-DR-131USEYE	97.036	730,446
Emergency Management Performance Grant	EMW-2013-EP-00060-S01	97.042	<u>24,008</u>
<b>Total United States Department of Homeland Security</b>			<b>754,454</b>
<b>United States Election Assistance Commission</b>			
<i>Passed Through the Ohio Secretary of State</i>			
Help America Vote Act Requirements Payments	N/A	90.401	<u>1,237</u>
<b>Total United States Election Assistance Commission</b>			<b>1,237</b>
<b>United States Department of Health and Human Services</b>			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Family	N/A	93.556	13,445
Child Support Enforcement	G-1415-11-5414	93.563	284,784
Child Abuse Prevention Grants	N/A	93.590	2,000
Child Welfare Services_State Grants	N/A	93.645	58,474
Foster Care_Title IV-E	N/A	93.658	359,753
Adoption Assistance	N/A	93.659	108,413
Children's Helath Insurance Program	G-1415-11-5414	93.767	720
<i>Temporary Assistance for Needy Families:</i>			
Temporary Assistance for Needy Families	G-1415-11-5414	93.558	<u>1,577,938</u>
Total Temporary Assistance for Needy Families			1,577,938
<i>Child Care and Development Block Grant Cluster:</i>			
Child Care and Development Block Grant	G-1415-11-5414	93.575	<u>52,117</u>
Total Child Care and Development Block Grant Cluster			52,117
<i>Passed Through Ohio Department of Job and Family Services:</i>			
<i>Medical Assistance Program:</i>			
Targeted Case Management	G-1415-11-5414	93.778	640,683
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
<i>Medical Assistance Program:</i>			
Targeted Case Management	N/A	93.778	<u>152,919</u>
Total Medical Assistance Program			793,602
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Social Services Block Grant	G-1415-11-5414	93.667	304,399
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant	N/A	93.667	<u>28,048</u>
Total Social Services Block Grant			332,447
<i>Passed through the Ohio Department of Health:</i>			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	N/A	93.505	<u>197,050</u>
<b>Total United States Department of Health and Human Services</b>			<b><u>3,780,743</u></b>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$7,566,759</u></u></b>

N/A - pass-through entity number not available.

N - direct from the federal government.

See the accompanying notes to the schedule of federal awards expenditures.

**Pike County, Ohio**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2014*

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**Note A – Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**Note B – Revolving Loan Funds**

The County has established revolving loan programs to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying schedule of federal awards expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule. In addition, with the approval of ODOD, the County may use repaid monies for community improvement projects.

Activity in the CDBG economic development and housing revolving loan funds during 2014 is as follows:

Beginning loans receivable balance as of January 01, 2014*	\$1,105,969
Loans made	0
Loan principal repaid on loans issued	<u>(132,769)</u>
Ending loans receivable balance as of December 31, 2014	973,200
Cash balance on hand in the revolving loan fund as of December 31, 2014	315,720
Administrative costs expenditures during 2014	<u>10,191</u>
Total value of RLF portion of the CDBG 14.228 program	1,299,111
Other grants administered through the 14.228 program	<u>514,060</u>
Total CDBG CFDA #14.228 program	<u>\$1,813,171</u>
Delinquent amounts due as of December 31, 2014	<u>\$238,140</u>

\* Restated from \$115,747 to properly reflect actual balance due.

Activity in the HOME housing revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 01, 2014*	\$3,406
Loans made	0
Loan principal repaid on loans issued	<u>(1,501)</u>
Ending loans receivable balance as of December 31, 2014	1,905
Cash balance on hand in the revolving loan fund as of December 31, 2014	13,295
Administrative costs expenditures during 2014	<u>0</u>
Total value of RLF portion of the CDBG 14.239 program	15,200
Other grants administered through the 14.239 program	<u>70,551</u>
Total CDBG CFDA #14.239 program	<u>\$85,751</u>
Delinquent amounts due as of December 31, 2014	<u>\$0</u>

\* Restated from \$13,008 to properly reflect actual balance due.

**Pike County, Ohio**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2014*

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**Note B – Revolving Loan Funds (Continued)**

In addition, the County has declining mortgage loans and other loans, not subject to current CDBG and HOME compliance requirements, outstanding in the amount of \$488,492.





# 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*

Pike County  
230 Waverly Plaza  
Waverly, Ohio 45690

To the Board of County 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 Pike 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 and have issued our report thereon dated September 29, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of that we consider to be a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.

### ***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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***Entity's Response to Findings***

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the 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

September 29, 2105



# 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

Pike County  
230 Waverly Plaza  
Waverly, Ohio 45690

To the Board of County Commissioners:

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

We have audited Pike 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 the County's major federal programs for the year ended December 31, 2014. 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 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 Community Development Block Grant and Social Services Block Grant***

As described in findings 2014-002 and 2014-003 in the accompanying schedule of findings, the County did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2014-002	14.228	Community Development Block Grant	Cash Management
2014-003	93.667	Social Services Block Grant	Reporting

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

***Qualified Opinion on Community Development Block Grant and Social Services Block Grant***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grant and Social Services Block Grant* paragraph, Pike County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grant and Social Services Block Grant for the year ended December 31, 2014.

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

In our opinion, Pike 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 and / or corrective action plan. 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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2014-002 through 2014-004 to be material weaknesses.

The County's responses to our internal control over compliance findings are described in the accompanying schedule of findings and / or corrective action plan. We did not audit the County's responses and, accordingly, we express no opinion on them.

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 Federal Awards Expenditures Required by OMB Circular A-133***

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Pike 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 report thereon dated September 29, 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.

Pike County  
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  
Page 4

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 29, 2015

**PIKE 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 significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<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 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>	Qualified on Cash Management for CDBG Qualified on Reporting for and SSBG Unmodified all others
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #11.300 Investments for Public Works and Economic Development Facilities CFDA #14.228 CDBG CFDA #97.036 Disaster Grants – Public Assistance CFDA #93.667 Social Services Block Grant CFDA #93.658 Foster Care
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2014-001**

**Significant Deficiency**

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

We noted the following conditions related to the County accounting and financial reporting:

- Tangible personal property tax reimbursements were posted as taxes instead of intergovernmental revenue in the Pike County Developmental Disabilities Fund in the amount of \$353,349.
- Tangible personal property tax reimbursements were posted as taxes instead of intergovernmental revenue in the General Fund in the amount of \$350,939.
- Payments in lieu of taxes were posted as miscellaneous revenue instead of intergovernmental revenue in the General Fund in the amount of \$200,000.
- A contract payable was not included in the contracts payable calculation for the Pike Sewer Fund in the amount of \$20,328.
- The County did not record \$175,166 in 2014 business-type capital asset additions.
- The County's detailed report of capital assets did not agree to financial statements. The variance resulted in a \$25,778 understatement of depreciation expense and a \$25,778 overstatement capital assets in the Business-Type Activities financial statements.
- The County recorded \$93,624 as current year capital assets additions in the Business-Type Activity financial statements; however these capital assets should have been recorded as prior period adjustments in the current year. This overstated current year construction in progress additions and understated the beginning Business-Type Activity construction in progress balance.

The County has posted these adjustments to the financial statements and accounting records where appropriate.

Inaccurate recording of transaction and assets reduces management's ability to monitor of County assets and funds and increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.



**FINDING NUMBER 2014-001  
 (Continued)**

We recommend that the County accurately record financial transactions, record capital asset additions and deletions in the year the transactions occur.

**Officials' Response:**

We will address the classification of revenue issues denoted first and discuss how we intend to address these issues. The tangible personal property tax reimbursements had inadvertently been coded as tax revenues in the General Fund and the Pike County Developmental Disabilities Fund and should have been coded as intergovernmental revenue. The payments in lieu of taxes were also inadvertently coded as miscellaneous revenue instead of intergovernmental revenue in the General Fund. Our County handles millions of dollars in revenue each year so we are committed to maintaining effective control over such revenues. It is important to understand that classification of revenue does not mean that there was any overstatement or understatement of total revenues, but rather that the classification of revenue was not proper. As the County Auditor who took office in March of this year I understand the importance of properly classifying revenues and our office has already taken steps to ensure that these revenues will be properly recorded for 2015.

The omission of \$20,328 in contracts payable for the Pike County Sewer Fund was an oversight; however, the amount reported represents less than 4.6% of current liabilities and 3.1% of total liabilities which we don't believe is material to this fund. We will take action to review payments made subsequent to year end even more thoroughly to ensure that such payables are properly stated in the future.

The omission of \$175,166 in business-type capital additions was due to certain expenses being recorded as contractual services rather than capital outlay during 2014 which resulted in these additions not being recorded. The understatement of depreciation expense and overstatement of capital assets was due to the antiquated capital asset management system which resulted in some depreciation calculation issues in 2014. The issue regarding the \$93,624 in current year capital asset additions which should have been recorded as prior period adjustments was due to the County making the decision that the 5.4% prior period adjustment would not be material to the financial statements so it was recorded during the current year. As materiality is a matter of professional judgement, we understand that the auditors believed that this amount was material and required an adjustment; however, the real issue associated with all the items in this paragraph is the lack of an up-to-date sophisticated capital asset management system. The previous capital asset system was a very old system with minimal capabilities and we will implement a comprehensive capital asset management system with adequate training to our professional staff to ensure that such issues do not occur in the future. We are in the process of implementing an up-to-date accounting and payroll system and fully intend to address the above mentioned issues as part of this process.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2014-002
<b>CFDA Title and Number</b>	Community Development Block Grants, #14.228
<b>Federal Award Number / Year</b>	B-F-13-I-CI-1 / 2013
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**FINDING NUMBER 2014-002  
 (Continued)**

**Noncompliance/Material Weakness**

24 CFR 85.21 states grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.

Office of Housing and Community Partnership Financial Management Rules and Regulations, Section (A)(3)(f), states the grantees must develop a cash management system to ensure compliance with the Fifteen 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 fifteen days of receipt of any funds. Lump sum draw-downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

A portion of the Formula Grant funds received by Pike County, totaling \$26,700, were required to be repaid to the granting agency due to the grant activities not being started within the required time frame. This was the result of an ODSA monitoring review.

We recommend that the County monitor Grants received to ensure that projects are started and completed within the time frame specified by the grant agreement.

**Officials' Response:**

Pike County Community Development will comply with the above Fifteen Day Rule for all future Grant Funds. We will also use grants management program to ensure grants are completed within the grant terms in the grant agreements.

<b>Finding Number</b>	2014-003
<b>CFDA Title and Number</b>	Social Services Block Grant, #93.667
<b>Federal Award Number / Year</b>	G-1415-11-5414 / 2014
<b>Federal Agency</b>	United States Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Developmental Disabilities

**Noncompliance/Material Weakness**

**OMB Circular A-133, Subpart C, Section .300(a)** states that the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

The County did not maintain separate funds for the Social Services Block Grant Developmental Disabilities, as required. We were able to identify transactions for 70% of the expenditures on the Federal Schedule because they were for payroll; and we were able to apply other alternative procedures to gain assurance over the remaining amount.

**FINDING NUMBER 2014-003  
 (Continued)**

Failure to separately account for federal funds in the County’s accounting records reduces the accountability over the federal expenditures and reduces the ability to monitor compliance with federal grant requirements.

We recommend the County utilize account codes and/or funds to separate and distinguish expenditures per federal grant.

**Officials’ Response:**

The Pike County Board of DD will assist the Pike County Auditor in setting up a separate fund for Federally Awarded Social Services Block Grant. This will insure the proper tracking of all awards received and expended in the Federal Grant Program.

<b>Finding Number</b>	2014-004
<b>CFDA Title and Number</b>	Social Services Block Grant, #93.667
<b>Federal Award Number / Year</b>	G-1415-11-5414 / 2014
<b>Federal Agency</b>	United States Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Developmental Disabilities Ohio Department of Job and Family Services

**Material Weakness**

Pike County Developmental Disabilities lacked controls over Eligibility Determinations for individuals receiving Social Services Block Grant (SSBG) services. This resulted in 3 of 6 (50%) of the eligibility forms tested not being signed by the Eligibility Determiner and 2 of 6 (33%) forms tested not being marked as approved or denied.

We also noted the Pike County Job and Family Services lacked controls over Eligibility Determinations for individuals receiving SSBG services. This resulted in 2 of 6 (33%) of the eligibility forms tested not being signed by the Eligibility Determiner or marked as approved or denied.

Failure to have controls in place could lead to ineligible individuals being provided services.

We recommend that Pike County Developmental Disabilities and Department of Job and Family Services put procedures in place to ensure that Eligibility forms are completely filled out, including marking approval or denial of the individual, and that all forms are signed by the Eligibility Determiner.

**Officials’ Response**

Although eligibility is noted on the JFS4074 Approval and/or JFS7334 Denial as well as on the Service Plan, staff of the Social Services Unit have been advised electronically that they need to also make note of results of eligibility determination results on the ODHS1704. Because there are no standard forms for the Title XX Program and each county has option/requirement to develop their own forms, the Social Services Unit will be meeting within the next 30 days to review the forms currently used and revise/update as appropriate. Once the review and revision of forms are completed refresher-level training will be provided to all members of the unit.

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**PIKE COUNTY FINANCIAL CONDITION  
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315  
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Material Weakness – No Segregation of Duties in the Clerk of Court Department over monthly bank reconciliation	No	Significantly Different – Clerk of Courts Legal Division is not performing a monthly bank reconciliation. Management letter recommendation that monthly bank reconciliations are performed will be issued
2013-002	Significant Deficiency/Noncompliance Citation – Cash Management	No	Repeated as 2014-002

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**PIKE COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-002	Pike County Community Development will comply with the above Fifteen Day Rule for all future Grant Funds. We will also use grants management program to ensure grants are completed within the grant terms in the grant agreements.	12/31/15	Gary Arnett, Director Pike County Community and Economic Development Office
2014-003	The Pike County Board of DD will assist the Pike County Auditor in setting up a separate fund for Federally Awarded Social Services Block Grant. This will insure the proper tracking of all awards received and expended in the Federal Grant Program.	12/31/15	Jeffrey Allen, Fiscal Director Pike County Board of Developmental Disabilities
2014-004	Although eligibility is noted on the JFS4074 Approval and/or JFS7334 Denial as well as on the Service Plan, staff of the Social Services Unit have been advised electronically that they need to also make note of results of eligibility determination results on the ODHS1704. Because there are no standard forms for the Title XX Program and each county has option/requirement to develop their own forms, the Social Services Unit will be meeting within the next 30 days to review the forms currently used and revise/update as appropriate. Once the review and revision of forms are completed refresher-level training will be provided to all members of the unit.	12/31/15	Sara Lewellen Social Services Supervisor I