



OHIO AUDITOR OF STATE
KEITH FABER



HARRISON COUNTY
DECEMBER 31, 2020

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2020.....	6
Notes to the Financial Statements	7
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards.....	25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
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	29
Schedule of Findings.....	31
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	39
Corrective Action Plan	40

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88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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 the cash balances, receipts and disbursements for each governmental, proprietary, and fiduciary fund type as of and for the year ended December 31, 2020, and related notes of Harrison County, Ohio (the County).

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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe 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 significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County, as of December 31, 2020, and the respective changes in financial position or cash flows thereof for the year then ended.

Basis for Additional Opinion Qualification

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, includes guidance for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Additionally, Auditor of State Bulletin (AOS) 2020-003 requires that effective for 2020, governments statutorily required to prepare GAAP (Generally Accepted Accounting Principles) statements that prepare regulatory statements will need to follow GASB 84 fund definitions. The County did not implement GASB 84 for 2020. The effects on the financial statements due to not implementing GASB 84, although not reasonably determinable, are presumably material.

Additional Opinion Qualification

In our opinion, because of the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2020, and related notes of the County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1B.

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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2021

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Harrison County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$5,201,181	\$6,892,148	\$0	\$1,506,793	\$0	\$13,600,122
Charges for Services	974,911	3,028,787	0	0	0	4,003,698
Licenses and Permits	1,803	9,800	0	0	0	11,603
Fines and Forfeitures	64,083	61,468	0	0	0	125,551
Intergovernmental	731,730	11,320,987	0	1,233,938	0	13,286,655
Special Assessments	0	705	0	0	0	705
All Other Revenue	1,628,841	2,020,366	0	7,300	2,816	3,659,323
<i>Total Cash Receipts</i>	<u>8,602,549</u>	<u>23,334,261</u>	<u>0</u>	<u>2,748,031</u>	<u>2,816</u>	<u>34,687,657</u>
Cash Disbursements						
Current:						
General Government						
Legislative and Executive	3,306,109	952,127	0	0	0	4,258,236
Judicial	1,276,587	1,001,315	0	0	0	2,277,902
Public Safety	1,390,218	4,147,960	0	502	0	5,538,680
Public Works	99,722	4,750,927	0	0	0	4,850,649
Health	44,615	1,768,090	0	0	0	1,812,705
Human Services	273,627	6,506,051	0	0	0	6,779,678
Miscellaneous	8,263	271,468	0	0	0	279,731
Capital Outlay	3,302	23,572	0	2,396,418	0	2,423,292
Debt Service:						
Note Principal Retirement	0	276,330	0	0	0	276,330
Interest and Fiscal Charges	0	15,357	0	0	0	15,357
<i>Total Cash Disbursements</i>	<u>6,402,443</u>	<u>19,713,197</u>	<u>0</u>	<u>2,396,920</u>	<u>0</u>	<u>28,512,560</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>2,200,106</u>	<u>3,621,064</u>	<u>0</u>	<u>351,111</u>	<u>2,816</u>	<u>6,175,097</u>
Other Financing Receipts (Disbursements)						
Note Proceeds	0	0	0	31,661	0	31,661
Transfers In	984,854	1,724,293	0	502	0	2,709,649
Transfers Out	(2,142,669)	(1,077,909)	0	0	0	(3,220,578)
Advances In	586,581	9,333	0	0	0	595,914
Advances Out	(9,333)	(461,581)	0	0	0	(470,914)
Other Financing Sources	645,651	0	0	0	0	645,651
Other Financing Uses	(139,442)	0	0	0	0	(139,442)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(74,358)</u>	<u>194,136</u>	<u>0</u>	<u>32,163</u>	<u>0</u>	<u>151,941</u>
<i>Net Change in Fund Cash Balances</i>	2,125,748	3,815,200	0	383,274	2,816	6,327,038
<i>Fund Cash Balances, January 1</i>	<u>4,226,480</u>	<u>14,033,856</u>	<u>126</u>	<u>8,406,973</u>	<u>64,240</u>	<u>26,731,675</u>
Fund Cash Balances, December 31						
Nonspendable	149,344	0	0	0	0	149,344
Restricted	0	17,852,221	0	8,790,247	51,966	26,694,434
Committed	0	0	126	0	15,090	15,216
Unassigned (Deficit)	6,202,884	(3,165)	0	0	0	6,199,719
<i>Fund Cash Balances, December 31</i>	<u>\$6,352,228</u>	<u>\$17,849,056</u>	<u>\$126</u>	<u>\$8,790,247</u>	<u>\$67,056</u>	<u>\$33,058,713</u>

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

Harrison County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2020*

	Proprietary Fund Types		Fiduciary Fund	Totals
	Enterprise	Internal Service	Type Agency	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$511,846	\$35,085	\$134,117	\$681,048
All Other Revenue	1,202	0	0	1,202
<i>Total Operating Cash Receipts</i>	<u>513,048</u>	<u>35,085</u>	<u>134,117</u>	<u>682,250</u>
Operating Cash Disbursements				
Personal Services	610,533	0	0	610,533
Contract Services	98,621	16,461	0	115,082
Supplies and Materials	75,803	0	0	75,803
Capital Outlay	406,724	0	0	406,724
<i>Total Operating Cash Disbursements</i>	<u>1,191,681</u>	<u>16,461</u>	<u>0</u>	<u>1,208,142</u>
<i>Operating Income (Loss)</i>	<u>(678,633)</u>	<u>18,624</u>	<u>134,117</u>	<u>(525,892)</u>
Non-Operating Receipts (Disbursements)				
Grants	605,698	0	0	605,698
Loan Proceeds	51,697	0	0	51,697
Note Retirement	(5,764)	0	0	(5,764)
Interest Expense and Fiscal Charges	(1,528)	0	0	(1,528)
O.W.D.A. Loan Retirement	(20,856)	0	0	(20,856)
Other Non-Operating Revenue	59	0	91,569,067	91,569,126
Other Non-Operating Expense	(31,669)	0	(91,534,181)	(91,565,850)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>597,637</u>	<u>0</u>	<u>34,886</u>	<u>632,523</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(80,996)</u>	<u>18,624</u>	<u>169,003</u>	<u>106,631</u>
Transfers In	510,929	0	0	510,929
Advances-Out	(125,000)	0	0	(125,000)
<i>Net Change in Fund Cash Balances</i>	<u>304,933</u>	<u>18,624</u>	<u>169,003</u>	<u>492,560</u>
<i>Fund Cash Balances, January 1</i>	<u>55,673</u>	<u>476,026</u>	<u>1,255,755</u>	<u>1,787,454</u>
<i>Fund Cash Balances, December 31</i>	<u>\$360,606</u>	<u>\$494,650</u>	<u>\$1,424,758</u>	<u>\$2,280,014</u>

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

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

A. Description of the County

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.

The County is involved with the following organization, which is defined as a jointly governed organization. Additional financial information concerning the jointly governed organization is presented in Note 12.

Belmont, Carroll, Harrison and Jefferson Counties Council of Governments

The County is associated with the following organization, which is a public entity pool. Additional information concerning the pool is presented in Note 13.

County Risk Sharing Authority, Inc. (CORSA)

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).

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

B. Accounting Basis (Continued)

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. 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).

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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 are the County's proprietary fund types:

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.

Internal Service Funds – Internal Service funds are used to account for the County's self-insurance program for employee dental, eye and life insurance benefits that are financed by the County and its participating employees.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The 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 Note 4 do not include January 1, 2020 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.

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Appropriations (Continued)

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.

4. Encumbrances

The Ohio Revised Code requires the County to reserve (encumber) appropriations when individual commitments are made. While the County closes out a majority of open purchase orders at year end, any remaining encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

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. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. 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 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.

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

H. Fund Balance (Continued)

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.

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.

I. 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 Public 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.

J. 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.

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

2. 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.

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. Additionally, all investments, unless noted otherwise below, must mature within 5 years from the date of settlement:

1. United States obligations or any other obligation guaranteed as to principal or 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. Stripped principal or interest obligations are not permitted. Except, Federally-issued or Federally-guaranteed stripped principal or interest obligations are permitted;
3. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities must be direct issuances of federal government agencies or instrumentalities;
4. Time certificates of deposit or savings or deposit accounts, including passbook accounts, in any eligible institution mentioned in Ohio Rev. Code § 135.32;
5. Certificate of Deposit Account Registry Services (CDARS) or similar programs meeting Ohio Rev. Code § 135.353 requirements;
6. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
7. 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 or consisting exclusively of obligations described in Ohio Rev. Code § 135.143(A)(1), (2), or (6) and repurchase agreements secured by such obligations, if purchased from eligible institutions mentioned in Ohio Rev. Code § 135.32;
8. United States treasury bills, notes, bonds, or any other obligations or securities issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States; bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality or commercial paper rated in the highest category by two standard rating services;
9. The Ohio Subdivision's Fund (STAR Ohio) as provided in Ohio Rev. Code § 135.45;
10. Securities lending agreements with any eligible institution mentioned in Ohio Rev. Code § 135.32 that is a member of the Federal Reserve System or Federal Home Loan Bank, or with any recognized U.S. government securities dealer, under the terms of which agreements in the investing authority lends securities and the eligible institution agrees to simultaneously exchange similar securities described in Ohio Rev. Code § 135.35(A)(1) or (2) or cash or both securities and cash, equal value for equal value;

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

2. Deposits and Investments (Continued)

11. Up to forty percent of the County's average portfolio, if training requirements have been met, 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, which are rated in the highest classification 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, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
 - b. Bankers acceptances of banks that are insured by the federal deposit corporation and that mature not later than 180 days after purchase.
12. Up to fifteen per cent of the county's total average portfolio in notes issued by corporations incorporated under U.S. law and that operate within the United States, or by depository institutions doing business under U.S. authority or any state's authority, and that operate within the United States, provided that the notes are rated in one of the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
13. Up to 2% of the county's total average portfolio in the debt of foreign nations, if rated at the time of purchase in the three highest categories by two nationally recognized standard rating services, the U.S. government recognizes it diplomatically, all interest and principal shall be denominated and payable in United States funds, the foreign government guarantees the debt and investments must mature within 5 years from the date of settlement;
14. Written repurchase agreements with any eligible institution mentioned in Ohio Rev. Code § 135.32 or any eligible dealer pursuant to Ohio Rev. Code § 135.35(J), under the terms of which agreement the investing authority purchases, and the eligible institution or dealer agrees unconditionally to repurchase any of the securities listed in divisions (D)(1) to (5) of § 135.18, except letters of credit described in division § 135.18(D)(2) are not permitted for repurchase agreements. The market value of securities subject to an overnight repurchase agreement must exceed the principal value of securities subject to a repurchase agreement by at least 2%. A written repurchase agreement shall not exceed 30 days and the value of the securities must exceed the principal value by at least 2% and be marked to market daily.

Agreements by which the investing authority agrees to sell securities owned by the county to a purchaser and agrees with that purchaser to unconditionally repurchase those securities and investments in derivatives are prohibited.

Investments must be purchased with the expectation that they will be held to maturity.

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, 2020, the County's entire bank balance was collateralized through the Ohio Pooled Collateral System and was not subject to custodial credit risk.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

2. Deposits and Investments (Continued)

Investments:

Investments are reported at cost. As of December 31, 2020, the County had the following investments:

Measurement/ Investment	Measurement Amount	Maturity	Rating	Percent of Total Investments
Commercial Paper	\$419,085	Less than one year	A-1	8.38%
General Obligation Bond Anticipation Notes	653,902	Less than one year	N/A	13.08%
First American Government Obligation Fund	69,466	Less than one year	AAA	1.38%
Federal Home Loan Mortgage Corporation Note	349,775	Less than five years	AA+	7.00%
Federal National Mortgage Association Notes	350,000	Less than three years	A-1	7.00%
Federal Farm Credit	124,374	Less than five years	AA+	2.49%
Federal Home Loan	119,954	Less than five years	AA+	2.40%
Negotiable Certificates of Deposit	2,789,440	Less than five years	N/A	55.77%
General Obligation Refunding Bonds	<u>125,000</u>	Less than ten years	AA+	<u>2.50%</u>
Total Investments	<u>\$5,000,996</u>			<u>100.00%</u>

Interest Rate Risk The County's investment policy addresses interest rate risk to the extent that it allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, or unless other provisions apply.

Credit Risk The credit ratings for the County's securities are listed above. Ohio law requires money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The County has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

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, 2020
(Continued)**

3. Legal Compliance (Continued)

The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

4. Budgetary

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,826,750	\$10,233,054	(\$593,696)
Special Revenue	23,846,788	25,058,554	1,211,766
Capital Projects	1,714,076	2,780,194	1,066,118
Permanent	2,816	2,816	0
Enterprise	1,733,144	1,681,431	(51,713)
Internal Service	35,085	35,085	0
Total	\$38,158,659	\$39,791,134	\$1,632,475

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$9,676,370	\$8,684,554	\$991,816
Special Revenue	26,386,695	20,791,106	5,595,589
Capital Projects	3,024,391	2,396,920	627,471
Permanent	11,024	0	11,024
Enterprise	1,534,909	1,251,498	283,411
Internal Service	20,000	16,461	3,539
Total	\$40,653,389	\$33,140,539	\$7,512,850

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 2017.

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, 2020, was \$14.42 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective rate was \$10.66 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$14.38 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.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

5. Property Tax (Continued)

The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

Real Property Tax	
Residential / Agricultural / Mineral	\$492,978,680
Commercial / Industrial	38,837,820
Public Utilities	1,374,910
Tangible Personal Property	
Public Utilities	510,158,780
Total Valuation	\$1,043,350,190

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

The County entered into a lease-purchase agreement to finance equipment (backhoe and related equipment) for the Engineer’s Office towards the end of 2018, first payable in 2019. 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. Payments made on the lease are included in Note 7, Debt Obligations.

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, 2020:

Year Ended December 31:	Backhoe and Equipment Amount
2021	\$14,605
2022	14,605
2023	14,605
2024	14,605
2025	14,605
Total Minimum Lease Payments	73,025
Less: Amount representing Interest	8,279
Total	\$64,746

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

7. Debt Obligations

Debt outstanding at December 31, 2020, consisted of the following:

	Principal	Interest Rate
General Obligation Bonds	\$75,073	5.60-5.75%
Ohio Public Works Commission Loans	274,349	0.00%
Ohio Water Development Authority Loans	220,057	0.00-3.95%
Lease (See Note 6)	64,746	4.00%
Total	\$634,225	

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, Freeport Sanitary Sewer 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, 2020 are expected to be repaid from charges for services collected. The County has set water rates sufficient to cover OWDA debt service requirements.

The annual requirements to amortize all debt outstanding as of December 31, 2020, including interest, are as follows:

Year Ending December 31:	Ohio Public Works Commission	OWDA Loans	General Obligation Bonds	Leases
2021	\$71,638	\$49,311	\$67,400	\$14,605
2022	60,475	54,095	16,772	14,605
2023	54,315	35,650	0	14,605
2024	38,140	33,743	0	14,605
2025	14,004	33,743	0	14,605
2026-2030	35,777	25,759	0	0
Total	\$274,349	\$232,301	\$84,172	\$73,025

8. Risk Management

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

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to sixty-six members (see Note 13).

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

8. Risk Management (Continued)

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. This rate is calculated based on accident history and administrative costs.

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 and dental insurance is provided by the County to employees.

Life Insurance

The County provides life insurance of \$15,000 to each employee under the age of 65. For employees aged 65 and older, the County provides life insurance at a reduced rate of \$7,500 per 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 provides for the following breakdown: 75% of the total proceeds are general fund revenue to be appropriated for general operating expenses; 17% of the proceeds, less \$5,617 per month for the repayment of the government center debt, are capital projects fund revenue to be appropriated for capital improvements; 0.5% of the proceeds are capital projects fund revenue to be appropriated for vehicle fleet, 2.5% of the proceeds are capital projects fund revenue to be appropriated for the government center, 3% of the proceeds are capital projects fund revenue to be appropriated for infrastructure, 1% of the proceeds are capital projects fund revenue to be appropriated for the justice center and recreational purposes. Total permissive sales and use tax (piggyback sales tax) receipts collected in 2020 amounted to \$3,988,010.

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: Traditional Pension Plan, Member-Directed Plan and Combined Plan.

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.

HARRISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

10. Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (Continued)

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.

For the year ended December 31, 2020, 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 2020 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, 2020, 2019, 2018, 2017 and 2016 were \$1,398,610, \$1,349,519, \$1,312,957, \$1,242,270 and \$1,146,053, respectively.

State Teachers Retirement System

Certified teachers employed by the school for the Board of Developmental 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: Defined Benefit (DB) Plan, Defined Contribution (DC) Plan and 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 9.5 percent of the 14 percent employer contributions into an investment account. Investment decisions are made by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to pay down past and current obligations for members participating in the defined benefit plan. 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.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

10. Defined Benefit Pension Plan (Continued)

State Teachers Retirement System (Continued)

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 for County and employee contributions of 14% and 14%, respectively. 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 14% for members and 14% for employers.

The County's contribution to the STRS of Ohio for the years ended December 31, 2020, 2019, 2018, 2017 and 2016 was \$21,581, \$18,903, \$18,390, \$16,171 and \$15,990, respectively.

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.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

11. Post Employment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2020, state and local employers contributed at a rate of 14 percent of covered payroll and public safety and law enforcement employers contributed at 18.1 percent.

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

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. Effective 2018, the portion of employer contributions allocated to the healthcare was decreased to 0 percent for both plans, as recommended by the OPERS actuary.

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, 2020, 2019, 2018, 2017 and 2016 were \$0, \$0, \$0, \$12,423 and \$22,921, respectively, which were equal to the required contributions for each year.

State Teachers Retirement System (STRS)

Plan Description - The County participate 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. As the STRS Board voted to discontinue an allocation to the health care fund effective July 1, 2014, the County's contribution to postemployment health care for 2020 was \$0.

12. Jointly Governed Organization

Belmont, Carroll, Harrison and Jefferson Counties Council of Governments

The Belmont, Carroll, Harrison and Jefferson Council of Governments was created to establish the operating and administrative procedures and to direct funding within the Workforce Investment Area as required by the Workforce Investment Act of 1998. The Council of Governments is comprised of four voting members, one designated from each County, each of whom shall be a duly elected County Commissioner, and may include ex-officio members, representatives from the Department of Job and Family Services of the member counties, and the Chairperson of the Workforce Investment Board. The Board exercises total control over the operations of the Council including budgetary, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board.

HARRISON COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

12. Jointly Governed Organization (Continued)

Since Belmont County serves as the fiscal agent for the Board, the financial activity of the Board is presented as an agency fund. During 2020, the County made no contributions to the Council.

13. Public Entity Pool

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among sixty-six counties in Ohio. CORSA was formed as an Ohio non-profit 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 coverage provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' 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 member Counties are eligible to serve on the Board. No County may have more than one representative on the Board at any 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' obligations 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 or a financial responsibility for CORSA. The County's payment for insurance to CORSA in 2020 was \$142,595.

14. Contingent Liabilities

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

15. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

FEDERAL GRANTOR <i>Pass Through Grantor Program / Cluster Title</i>	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>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5937	<u>\$274,398</u>
Total U.S. Department of Agriculture/SNAP Cluster			274,398
U.S. Department of Housing and Urban Development			
<i>Passed through Ohio Development Services Agency</i>			
State Community Development Block Grants-CDBG Allocation Grant	14.228	B-F-19-1BE-1 B-C-19-1BE-1	58,060 <u>101,413</u>
Total State Community Development Block Grants - CDBG and CHIP			159,473
Home Investment Partnership Program	14.239	B-C-19-1BE-2	<u>28,978</u>
Total U.S. Department of Housing and Urban Development			188,451
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General's Office</i>			
Crime Victim Assistance	16.575	2020-VOCA-132922585 2021-VOCA-134149294	20,133 <u>3,223</u>
Total U.S. Department of Justice			23,356
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Workforce Investment / Innovation and Opportunity Act Area 16</i>			
<i>Workforce Innovation and Opportunity (WIOA) Cluster:</i>			
WIA/ WIOA Adult Program	17.258	N/A	27,866
WIA/WIOA Youth Activities	17.259	N/A	81,420
WIA/ WIOA Dislocated Worker Formula Grants	17.278	N/A	<u>68,841</u>
Total U.S. Department of Labor/WIOA Cluster			178,127
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction	20.205	E190602	<u>167,934</u>
Total Highway Planning and Construction Cluster			167,934
Formula Grants for Rural Areas	20.509	2020	134,344
COVID-19 Formula Grants for Rural Areas	20.509	104-CARE-20-0100	<u>260,916</u>
Total U.S. Department of Transportation			563,194
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Emergency Management Agency</i>			
Coronavirus Relief Funding	21.019	N/A	<u>1,224,172</u>
Total U.S. Department of the Treasury			1,224,172
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States (IDEA, Part B)	84.027A	2020	5,324
Special Education-Preschool Grants (IDEA Preschool)	84.173A	2020	<u>4,850</u>
Total U.S. Department of Education/Special Education Cluster (IDEA)			10,174
U.S. DEPARTMENT OF ELECTION ASSISTANCE COMMISSION			
<i>Passed Through Ohio Secretary of State</i>			
HAVA Election Security Grant	90.404	N/A	<u>68,206</u>
Total U.S. Department of Election Assistance Commission			68,206
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services</i>			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	G-2021-11-5937	856,715
CCDF Cluster:			
Child Care and Development Block Grant	93.575	G-2021-11-5937	<u>6,238</u>
Total CCDF Cluster			6,238

HARRISON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
Social Services Block Grant	93.667	G-2021-11-5937	126,773
Medicaid Cluster:			
Medical Assistance Program	93.778	G-2021-11-5937	357,530
Total Medicaid Cluster			<u>357,530</u>
Promoting Safe and Stable Families	93.556	G-2021-11-5937	2,624
Foster Care_Title IV-E	93.658	G-2021-11-5937	421,985
Adoption Assistance	93.659	G-2021-11-5937	97,905
Child Support Enforcement	93.563	G-2021-11-5937	438,533
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	93.667	N/A	<u>13,744</u>
Total U.S. Department of Health and Human Services			2,322,047
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Ohio Emergency Management Agency</i>			
Disaster Grants-Public Assistance: Engineer	97.036	FEMA-4360-DR-067-08C95-00	435,732
Emergency Management Performance Grants	97.042	EMC-2019-EP-00005	<u>39,238</u>
Total U.S. Department of Homeland Security			<u>474,970</u>
Total Expenditures of Federal Awards			<u><u>\$5,327,095</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 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Harrison County (the County's) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - 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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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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 Harrison County, Ohio (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated December 16, 2021, wherein we issued an adverse opinion on the County's financial statements because the County did not follow accounting principles generally accepted in the United States of America as required by Ohio Administrative Code Section 117-2-03, therefore, we were unable to express an opinion on the Schedule of Expenditures of Federal Awards. We also noted the County did not implement Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Auditor of State Bulletin (AOS) 2020-003 requires that effective for 2020, governments statutorily required to prepare GAAP (Generally Accepted Accounting Principles) statements that prepare regulatory statements will need to follow GASB 84 fund definitions. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 2020-003 and 2020-004 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 2020-005 through 2020-007 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 financial statement. 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 2020-001 and 2020-002.

County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the County's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2021

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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's, Ohio (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 Harrison County's major federal programs for the year ended December 31, 2020. 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, Harrison County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended December 31, 2020.

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 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.

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 2020-008.

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 subject the County's response to the auditing procedures applied in the audit of compliance 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2021

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Temporary Assistance for Needy Families (TANF) State Programs – CFDA #93.558 Medicaid Cluster – CFDA #93.778 Coronavirus Relief Funding – CFDA #21.019
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2020-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

FINDING NUMBER 2020-001
(Continued)

Noncompliance – Ohio Rev. Code § 117.38 (Continued)

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

As a cost savings measure, the County prepared financial statements in accordance with the regulatory basis of accounting established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County.

To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: See Corrective Action Plan on page 40.

FINDING NUMBER 2020-002

Noncompliance

Ohio Rev. Code § 5705.10(D) provides 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.

The County inappropriately recorded the following:

- A U.S. Army Corps of Engineers grant reimbursement receipt of \$46,034 for the Freeport sewer project was recorded in the County Water and Sewer Projects (U46) fund. This should have been recorded in the Capital Improvements (N01) fund as the expense from which the reimbursement stemmed was incurred in the N01 fund.
- Ohio Water Development Authority (OWDA) note proceeds of \$31,661 for the Freeport sewer project in the County Water and Sewer Projects (U46) fund should have been recorded in the Capital Improvements (N01) fund as the expense from which the reimbursement stemmed was incurred in the N01 fund.
- An Ohio Bureau of Workers' Compensation premium refund of \$8,904 in the General Fund (A00) should have been recorded in the Workers' Compensation (G55) fund as the premium expense from which this reimbursement stemmed was paid from the G55 fund.
- Contract revenues for Public Transit in the total amount of \$99,756 was recorded in the Harrison County Public Transit (B55) fund. These revenues, which require approval by the Ohio Department of Transportation (ODOT) to be spent, should have been recorded in the Transit Reserve (T46) fund in order to allow for proper tracking and reporting to ODOT.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

FINDING NUMBER 2020-002
(Continued)

Noncompliance – Ohio Rev. Code § 5705.10(D) (Continued)

Audit adjustments above are reflected in the financial statements and in the accounting records correcting the misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The County should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response: See Corrective Action Plan on page 40.

FINDING NUMBER 2020-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, includes guidance for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The GASB issued an implementation guide to supplement the guidance found in GASB 84.

Additionally, Auditor of State Bulletin (AOS) 2020-003 requires that effective for 2020, governments statutorily required to prepare GAAP (Generally Accepted Accounting Principles) statements that prepare regulatory statements will need to follow GASB 84 fund definitions.

The County did not implement GASB 84 for 2020.

The County should ensure that GASB 84 is implemented and reflected in their financial statements. The County can refer to AOS Bulletin 2020-003 for guidance on how to apply this GASB standard to Non-GAAP entities. The County could also consider contracting with our Local Government Services division or an independent accounting firm to assist them in implementing GASB 84.

Officials' Response: See Corrective Action Plan on page 40.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

FINDING NUMBER 2020-004

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The 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 and disbursements into accurate classifications on the financial statements.

The following errors were noted:

- A transfer in the amount of \$681,203 was improperly reported as an Other Financing Source, rather than a Transfer-In in the General (A00) Fund.
- A transfer from the General (A00) Fund to the Soil & Water (L00) Fund, which is a fund not included on the County's financial statement due to receiving a separate audit, was improperly reported as a Transfer-Out, rather than an Other Financing Use in the amount of \$139,442.
- A transfer in the amount of \$221,365 was improperly reported as an Other Financing Use, rather than a Transfer-Out in the County Medicaid Sales Tax Transition (A30) Fund.
- A transfer in the amount of \$73,936 was improperly reported as a Public Works expenditure, rather than a Transfer-Out in the FEMA (K10) Fund.
- A transfer in the amount of \$73,936 was improperly reported as an Intergovernmental revenue, rather than a Transfer-In in the Gas Tax (K00) Fund.
- Property tax revenue in the amount of \$683,303 was improperly reported as a Transfer-In, rather than as Taxes revenue in the Sheriff's Levy (X00) Fund.
- All expenditures of the Dog and Kennel (B00) Fund, totaling \$89,436, were improperly classified as Public Works expenditures, rather than as Miscellaneous expenditures.
- Expenditures totaling \$41,083 were improperly reported as Transfers-Out in the County's Government Relief (A24) Fund, rather than as Miscellaneous expenditures.
- The sales of materials and services by the County Engineer's Office, which totaled \$221,987, were improperly classified as Intergovernmental revenue, rather than Charges for Services revenue in the Gas Tax (K00) Fund.
- A portion (\$511,192) of the grants received for Children Services was improperly classified as All Other Revenue, rather than Intergovernmental revenue in the Children Services Levy (S04) Fund.
- A portion of the U.S. Army Corps of Engineers grant, totaling \$156,313, was improperly classified as Taxes revenue, rather than Intergovernmental revenue in the Capital Improvements (N01) Fund.
- Ohio Public Works Commission (OPWC) on-behalf-of payments for various road projects totaling \$825,184 and Ohio Department of Transportation (ODOT) on-behalf-of payments for a federal highway grant project totaling \$189,163 were not recorded in the accounting records in the Issue II Capital Projects (G70) Fund.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

FINDING NUMBER 2020-004
(Continued)

Material Weakness (Continued)

- Transfers-In in the amounts of \$235,000 and \$39,680 were improperly reported as Other Non-Operating Revenues in the County Water District (U41) Fund and County Water & Sewer Projects (U46) Fund, respectively.
- Freeport Sewer Project grant reimbursements totaling \$173,746 were improperly reported as Intergovernmental - Operating Revenues, rather than Grants - Non-Operating Revenues in the County Water & Sewer Projects (U46) Fund.
- A portion (\$51,697) of the Ohio Public Works Commission (OPWC) reimbursements for the Freeport Sewer Project was improperly reported as Intergovernmental - Operating Revenues, rather than Loan Proceeds - Non-Operating Revenues in the County Water & Sewer Projects (U46) Fund.
- A prior year audit adjustment of \$221,365 was improperly reported as a Personal Services expenditure, rather than a reduction to the Beginning Fund Balance in the Harrison County Public Transit (B55) Fund.
- A portion (\$241,339) of the grants received by Harrison County Public Transit was improperly reported as Charges for Services revenue, rather than Grants revenue in the Harrison County Public Transit (B55) Fund.
- A transfer-in in the amount of \$4,884, which was properly reported on the financial statements as a Transfer-In revenue, was also improperly reported as a Charges for Services revenue in the Public Transit Local Match/Capital Maintenance (T45) Fund. This error also resulted in an over inflation of the Capital Outlay expenditure of \$4,884 and Other Non-Operating Expenses of \$4,884 in the T45 fund.

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

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$16,732 to \$2,185,932 that we have brought to the County's attention.

The County did not have a process in place to ensure transactions are accurately reported on the financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases 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 and expenditures are properly presented and disclosed in the County's financial statements.

Officials' Response: See Corrective Action Plan on page 40.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

FINDING NUMBER 2020-005

Significant Deficiency

Public Transit 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.

During 2020, we noted multiple variances ranging from \$1 up to \$570 between Public Transit ledgers and the County ledgers, which indicates Public Transit is not properly reconciling its records with the county's accounting records on a monthly basis. While we did not note billing errors in the receipts selected for testing, during a review of supporting documentation that was attached to the tested receipts, we noted one instance of under-billing and one instance of overbilling, for receipts not included in our test, in the amounts of \$9 and \$425, respectively.

A lack of internal controls resulted in the variances and billing errors noted above. Improperly billing for services could result in overcharging or undercharging patrons and could impact Public Transit's ability to finance its operations.

Public Transit should establish internal controls to ensure patrons are charged the proper amounts. Also, Public Transit officials should ensure monthly reconciliations to the County records are performed. Any variances noted in the reconciliation process should be investigated and well documented.

Officials' Response: See Corrective Action Plan on page 41.

FINDING NUMBER 2020-006

Significant Deficiency

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. This includes properly posting and properly tracking interfund activity, such as transfers and advances.

During 2020, the following errors were noted in regards to County transfers and advances:

- The transfer schedule presented for audit was incomplete in that it did not list approved transfers which totaled over \$1.4 million.
- Total transfers-in did not equal total transfers-out on the County's financial statements in the amount of \$231,740.
- A repayment of an advance, which was approved by the County's Commissioners in the amount of \$32,737 from the Harrison County Water and Sewer Fund to the General Fund, was not recorded on the County's ledgers.
- A transfer in the amount of \$823,822 was approved by the County's Commissioners on 12/30/2020, however, only \$683,303 was recorded on the County's ledgers and there was no evidence of the approval being rescinded and amount revised.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

FINDING NUMBER 2020-006
(Continued)

Significant Deficiency (Continued)

The County should take the necessary steps to ensure that all transfers and advances are recorded on the County's ledgers in accordance with the Commissioners' approval and properly presented and disclosed in the County's financial statements.

Officials' Response: See Corrective Action Plan on page 41.

FINDING NUMBER 2020-007

Significant Deficiency

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the County and the receipts ledger provides the process by which the County controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The estimated receipts for the County's General Fund per the Amended Official Certificate of Estimated Resources at December 31, 2020 totaled \$10,826,750; however, the amount posted to the County's ledgers totaled \$10,241,959, which resulted in a variance of \$584,791.

The County did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources and amendments thereof were not properly posted to the accounting system.

Failure to accurately post estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts, the County should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission. The County should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

Officials' Response: See Corrective Action Plan on page 41.

HARRISON COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

3. FINDING FOR FEDERAL AWARDS

1. Completion of PRC Applications

Finding Number:	2020-008
CFDA Number and Title:	CFDA #93.558 – Temporary Assistance for Needy Families (TANF) State Programs
Federal Award Identification Number / Year:	G-2021-11-5937
Federal Agency:	U.S. Department of Health and Human Services
Compliance Requirement:	Eligibility Requirement
Pass-Through Entity:	Ohio Department of Job and Family Services
Repeat Finding from Prior Audit?	No

Material Weakness

The Harrison County Department of Job and Family Services (DJFS) Prevention, Retention and Contingency Program (PRC) Plan states, in part, that all PRC assistance group members must complete the Prevention, Retention and Contingency Program (PRC) Application to request and be authorized to receive PRC service benefits.

We found that of 8% of expenditures tested the DJFS did not properly retain a participant's PRC application within the case files. In addition, documents which provided support to the PRC application, such as income verification, were not retained.

The County did not have a process in place to ensure their PRC participant case files contained support such as the PRC application, income verification, etc.

The inability to retain participant applications and appropriate supporting documentation results in eligibility not being able to be verified. This could result in ineligible individuals receiving program funds, which could lead to possible questioned costs and jeopardize future federal funding.

The Harrison County Department of Job and Family Services should ensure that all PRC applications, as well as any documents needed to verify information provided on the application, are properly retained in the participant's case file.

Officials' Response: See Corrective Action Plan on page 41.



Allison M. Anderson

Harrison County Auditor
 100 West Market St. | Cadiz, Ohio 43907
 Phone: 740-942-8861 | Fax: 740-942-8860
 aanderson@harrisoncountyohio.org

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

Finding Number	Finding Summary	Status	Additional Information
2019-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) noncompliance for not preparing financial statements in accordance with generally accepted accounting principles.	Not Corrected	Will be filing compliant statements for 2021.
2019-002	Ohio Rev. Code § 5535.08 noncompliance for not having a formal agreement with the Township and Ohio Rev. Code § 121.22(A) noncompliance for not documenting official actions and discussions in the minute record.	Finding no Longer Valid	Corrected.
2019-003	Ohio Rev. Code § 5705.10(I) noncompliance for significant negative fund balance.	Corrective Action Taken and Finding is Fully Corrected	Corrected.
2019-004	Ohio Rev. Code § 5705.41(B) noncompliance for making an expenditure of money without having been appropriated first.	Not Corrected	Establishing proper procedures to ensure appropriations are made correctly.
2019-005	HB 49 § 387.20 noncompliance for transfer of Medicaid Sales Tax Transition money to an improper fund.	Corrective Action Taken and Finding is Fully Corrected	Corrected.
2019-006	Material Weakness for significant errors in recording receipts and disbursements into accurate funds/line items on the financial statements.	Not Corrected	Working on a better way to classify monies on the Financial Statements with outside Vendor.
2019-007	Significant Deficiency for numerous errors resulting from a lack of internal controls relating to Public Transit operations.	Not Corrected	Public Transit has created new procedures to help with maintaining records.
2019-008	Significant Deficiency for failure to post an approved appropriation increase to the accounting system.	Not Corrected	Appropriation Increases will be posted as received.
2019-009	Ohio Admin. Code § 5101:9-7-23(F)(3) noncompliance and significant deficiency for failing to respond to Random Moment Sampling (RMS) observation moments within the required time frame.	Corrective Action Taken and Finding is Fully Corrected	Corrected.
2019-010	Significant Deficiency for failing to sign or initial DJFS invoices/vouchers to indicate approval of expenditures as allowable activities/costs of the TANF grant.	Corrective Action Taken and Finding is Fully Corrected	Corrected.



Allison M. Anderson

Harrison County Auditor
100 West Market St. | Cadiz, Ohio 43907
Phone: 740-942-8861 | Fax: 740-942-8860
aanderson@harrisoncountyohio.org

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

December 31, 2020

Finding Number: 2020-001
Planned Corrective Action: Working to file statements for 2021 in accordance.
Anticipated Completion Date: February 2022
Responsible Contact Person: Allison Anderson

Finding Number: 2020-002
Planned Corrective Action: New Procedures are in place to correct Reimbursements.
Anticipated Completion Date: December 2021
Responsible Contact Person: Allison Anderson

Finding Number: 2020-003
Planned Corrective Action: Including with Statements for 2021, filing in beginning of 2022.
Anticipated Completion Date: February 2022
Responsible Contact Person: Allison Anderson

Finding Number: 2020-004
Planned Corrective Action: Establishing controls to correct classifications
Anticipated Completion Date: February 2022
Responsible Contact Person: Allison Anderson



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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

December 31, 2020

(Continued)

Finding Number:	2020-005
Planned Corrective Action:	Policies are being established to ensure proper recording
Anticipated Completion Date:	2022
Responsible Contact Person:	Nate Hercules
Finding Number:	2020-006
Planned Corrective Action:	The preparation of Financial Statements is being monitored and corrected.
Anticipated Completion Date:	February 2022
Responsible Contact Person:	Allison Anderson
Finding Number:	2020-007
Planned Corrective Action:	An accurate process for an Amended Certificate is being established.
Anticipated Completion Date:	2021
Responsible Contact Person:	Allison Anderson
Finding Number:	2020-008
Planned Corrective Action:	Proper procedures are being established to correct the PRC program application process.
Anticipated Completion Date:	2021
Responsible Contact Person:	Scott Blackburn

OHIO AUDITOR OF STATE KEITH FABER



HARRISON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/4/2022

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

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