



Dave Yost • Auditor of State



**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Belmont Harrison Juvenile District  
Belmont County  
210 Fox Shannon Place  
St. Clairsville, Ohio 43950

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Juvenile District'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 Juvenile District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Juvenile District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Juvenile District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Juvenile District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Belmont Harrison Juvenile District, Belmont County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the Juvenile District'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 Juvenile District's internal control over financial reporting and compliance.



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

December 31, 2015

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services	\$889,517	\$0	\$889,517
Intergovernmental	628,529	14,000	642,529
<i>Total Cash Receipts</i>	<u>1,518,046</u>	<u>14,000</u>	<u>1,532,046</u>
<b>Cash Disbursements</b>			
Current:			
Salaries, PERS, Medicare, Health Insurance & Workers Compensation	1,242,816	0	1,242,816
Supplies	41,709	0	41,709
Materials	1,092	0	1,092
Contract Repairs	1,754	0	1,754
Contract Services	115,931	0	115,931
Food Service Expenses	90,970	0	90,970
Medical Assistance	9,524	0	9,524
Travel	30,926	0	30,926
Other	5,032	0	5,032
Capital Outlay	1,020	14,984	16,004
<i>Total Cash Disbursements</i>	<u>1,540,774</u>	<u>14,984</u>	<u>1,555,758</u>
<i>Net Change in Fund Cash Balances</i>	(22,728)	(984)	(23,712)
<i>Fund Cash Balances, January 1</i>	<u>430,408</u>	<u>1,125</u>	<u>431,533</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	141	141
Unassigned	407,680	0	407,680
<i>Fund Cash Balances, December 31</i>	<u>\$407,680</u>	<u>\$141</u>	<u>\$407,821</u>

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

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Charges for Services	\$974,495	\$0	\$0	\$974,495
Intergovernmental	663,764	12,222	2,940	678,926
<i>Total Cash Receipts</i>	<u>1,638,259</u>	<u>12,222</u>	<u>2,940</u>	<u>1,653,421</u>
<b>Cash Disbursements</b>				
Current:				
Salaries, PERS, Medicare, Health Insurance & Workers Compensation	1,110,695	0	0	1,110,695
Supplies	33,262	0	0	33,262
Materials	1,562	0	0	1,562
Contract Repairs	2,321	0	3,998	6,319
Contract Services	107,341	0	0	107,341
Food Service Expenses	89,627	0	0	89,627
Medical Assistance	11,313	0	0	11,313
Travel	8,749	0	0	8,749
Other	4,385	0	0	4,385
Intergovernmental	0	0	851	851
Capital Outlay	0	11,097	0	11,097
<i>Total Cash Disbursements</i>	<u>1,369,255</u>	<u>11,097</u>	<u>4,849</u>	<u>1,385,201</u>
<i>Net Change in Fund Cash Balances</i>	269,004	1,125	(1,909)	268,220
<i>Fund Cash Balances, January 1</i>	<u>161,404</u>	<u>0</u>	<u>1,909</u>	<u>163,313</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	1,125	0	1,125
Unassigned	430,408	0	0	430,408
<i>Fund Cash Balances, December 31</i>	<u>\$430,408</u>	<u>\$1,125</u>	<u>\$0</u>	<u>\$431,533</u>

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



**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as a body corporate and politic. The Juvenile District is directed by an appointed seven-member Board of Trustees. The Juvenile District provides governmental detention services for juveniles, including secured detention facilities, supervised group home facilities, and an aftercare program.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Belmont County Treasurer is custodian for the Juvenile District's deposits. The County's deposit and investment pool holds the Juvenile District's assets, valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

The Juvenile District uses fund accounting to segregate cash and investments that are restricted as to use. The Juvenile District classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The Juvenile District's General Fund receives grants, tuition, billings for residents, and subsidies from Belmont and Harrison Counties for the general operation of the correctional facilities.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Juvenile District had the following significant Special Revenue Fund:

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Juvenile Accountability Block Grant Fund - This fund received federal grant money to be used to develop programs to strengthen and promote greater accountability in the juvenile justice system.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Juvenile District had the following significant Capital Projects Fund:

Sargus Remodeling Fund – This fund received reimbursements from the Department of Youth Services to perform repairs on a building.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually. On or about May 1 of each year, the Belmont County Auditor sends a departmental budget form to the Juvenile District for the succeeding calendar year. The Juvenile District's Financial Officer completes the departmental budget form containing information on the expenditures for the prior year, appropriations for the current year, and the request for the next year. A personal service schedule accompanies the departmental budget and reflects each person's name, present rate of pay, rate of pay for the next year, and the amount requested for the next year. An estimate of anticipated revenue is also filed with the departmental budget. The Executive Director reviews the forms and they are filed with the County Commissioners by June 1. This information is then combined with all other county departmental budgets and the Belmont County subdivision budget is prepared. The budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The County Commissioners must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into two classifications based primarily on the extent to which the Juvenile District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**2. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Juvenile District 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.

**G. Property, Plant, and Equipment**

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

**H. 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.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

As required by the Ohio Revised Code, the Juvenile District's cash is held and invested by the Belmont County Treasurer, who acts as custodian for the Juvenile District's monies. The Juvenile District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. The carrying amount of cash at December 31, was as follows:

	2014	2013
Deposits	\$407,821	\$431,533

**Deposits:** The Juvenile District's deposits maintained by the County Treasurer are either insured by the Federal Deposit Insurance Corporation or were considered uncollateralized even though securities for collateral were held by the pledging financial institution's trust department in the County's name and all statutory requirements for the deposit of money had been followed.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013, follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,616,003	\$1,518,046	(\$97,957)
Special Revenue	14,000	14,000	0
Total	\$1,630,003	\$1,532,046	(\$97,957)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,677,908	\$1,598,811	\$79,097
Special Revenue	15,125	14,984	141
Total	\$1,693,033	\$1,613,795	\$79,238

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,513,343	\$1,638,259	\$124,916
Special Revenue	11,111	12,222	1,111
Capital Projects	2,940	2,940	0
Total	\$1,527,394	\$1,653,421	\$126,027

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,553,403	\$1,431,160	\$122,243
Special Revenue	11,111	11,097	14
Capital Projects	4,849	4,849	0
Total	\$1,569,363	\$1,447,106	\$122,257

**4. RETIREMENT SYSTEMS**

The Juvenile District's employees belong to the Ohio Public Employees Retirement System (OPERS) or the State Teachers Retirement System of Ohio (STRS Ohio). OPERS and STRS Ohio are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Juvenile District contributed an amount equaling 14% of participants' gross salaries. For 2014 and 2013, STRS members contributed 11% of their gross salaries in 2014 and 10% in 2013 and the Juvenile District contributed an amount equaling 14% of participants' gross salaries. The Juvenile District has paid all contributions required through December 31, 2014.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Juvenile District has obtained commercial insurance for the following risks through the County Commissioners:

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

**6. GRANTS**

During 2010, a resolution was approved by the Belmont County Commissioners regarding an agreement between the Ohio Department of Youth Services and the Board of Trustees of the Juvenile District to provide funds to reimburse costs of improvement to their facility. The total Renovation Grant was for \$112,500, which included the Ohio Department of Youth Services share of \$67,500 and Belmont County Commissioners providing a minimum local match of \$45,000. As of December 31, 2014, \$42,589 has been drawn down from the Ohio Department of Youth Services leaving a remaining balance of \$24,911 to be drawn down.

On August 4, 2010, the Belmont County Commissioners approved to advance \$40,500 to the Juvenile District. The Juvenile District continued to repay this advance to the County as grant funds were received. On December 10, 2013, the Juvenile District repaid this advance to the County in full.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. CONTINGENT LIABILITIES**

The Juvenile District is not a defendant in any lawsuits.

Amounts grantor agencies pay to the Juvenile District 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.



# Dave Yost • Auditor of State

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

Belmont Harrison Juvenile District  
Belmont County  
210 Fox Shannon Place  
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated December 31, 2015, wherein we noted the Juvenile District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Juvenile District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Juvenile District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2014-001 and 2014-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Juvenile District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Juvenile District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Juvenile District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

December 31, 2015



**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office 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 Juvenile District did not always record receipts, expenditures, and fund balances into accurate classifications on the financial statements based upon the source of the receipt, nature of the disbursement, and constraints imposed upon the use of its governmental fund resources.

The following errors were noted on the financial statements for 2014:

- Belmont County allocation to the Juvenile District in the amount of \$473,000 in the General Fund was classified as a Transfer-In instead of Intergovernmental Receipts.
- Employee and employer share of health insurance was classified as Other Expenses in the amount of \$210,559 in the General Fund instead of Salaries, PERS, Medicare, Health Insurance & Workers Compensation.

The following errors were noted on the financial statements for 2013:

- Belmont County allocation to the Juvenile District in the amount of \$460,000 in the General Fund and \$2,222 in the Special Revenue Fund were classified as a Transfers-In instead of Intergovernmental Receipts.
- Employee and employer share of health insurance was classified as Other Expenses in the amount of \$172,104 in the General Fund instead of Salaries, PERS, Medicare, Health Insurance & Workers Compensation.
- Repayment of an advance to Belmont County in the amount of \$851 was classified as an Advance-Out instead of Intergovernmental expense in the Capital Projects Fund.

The Governmental Accounting Standards Board (GASB) Statement No. 54 provides suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

GASB Statement No. 54 states for governments that use encumbrance accounting, significant encumbrances should be disclosed in the notes to the financial statements by fund types in conjunction with required disclosures about other significant commitments. Encumbering amounts for specific purposes for which resources already have been restricted, committed, or assigned should not result in separate display of the encumbered amounts within those classifications. Encumbered amounts for specific purposes for which amounts have not been previously restricted, or committed, or assigned should not be classified as unassigned fund balance, as appropriate, based on the definitions and criteria in paragraphs 10-16.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-001 (Continued)**

**Material Weakness (Continued)**

The Juvenile District classified General Fund outstanding encumbrances at December 31, 2014 and 2013 as committed resources in the amount of \$58,037 and \$61,905, respectively. However, these outstanding encumbrances consisted of super blanket purchase orders which were not to extend beyond the end of the current year.

During 2014 and 2013, the Juvenile District's fund balance classification for the Juvenile Accountability Block Grant, Special Revenue Fund Type, was not posted to accurate fund balance classification, based upon the constraints placed upon the use of resources reported in this governmental fund, such as grants received from outside organizations for specific purposes. Restricted fund balance constraints are externally imposed or are enacted through enabling legislation and are legally enforceable. The District classified the Juvenile Accountability Block Grant Fund balance of \$141 in 2014 and \$1,125 in 2013 as unassigned instead of restricted.

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

We also noted other posting errors as follows:

- In 2014, copier lease payments in the amount of \$3,540 were classified as Contract Services in the General Fund instead of Debt Service - Principal.
- In 2014, a vehicle was purchased in the amount of \$13,964 and classified as Travel and Training Expenditure in the General Fund instead of Capital Outlay.
- In 2013, copier lease payments in the amount of \$1,180 were classified as Contract Services in the General Fund instead of Debt Service - Principal.
- In 2013, monies received for resident board and care in the amount of \$29,749 was classified as Intergovernmental instead of Charges for Services in the General Fund.

The adjustments noted above are immaterial and are not reflected in the accompanying financial statements.

The Juvenile District should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions and ending fund balance amounts.

**Officials' Response:** We have talked to the Auditor's office and they have adjusted the classifications. We will continue to appropriately classify and record all receipt and expenditure transactions.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-002**

**Material Weakness**

District supervisors for both the Belmont Harrison Detention Center and the Group Home (Gender-Specific Program) were entitled to accrue and use flexible time during the period. Supervisors track their weekly hours and overtime worked each week per pay period on an excel spreadsheet. Any supervisor working extra hours in a pay had a choice to either receive overtime pay or to accrue flex time to be used in the future. A flex time balance is carried forward throughout the year.

The Juvenile District does not have a flexible time policy documenting who is authorized to accrue flex time, how it is to be accrued, when it can be used, whether it is permissible to receive donated flex time, and management review and approval of this flex time activity.

We noted 23% of payroll transactions tested in the current period did not have the flex time spreadsheet approved and evidenced by management signatures or initials. Due to the lack of management oversight, we noted the following errors in flex time accrual and usage for supervisors:

1. In 2014, one supervisor's flex time balance was not calculated properly for the pay period ending July 12, 2014. The supervisor used 8 hours of flex time on July 9, 2014 but this usage was not deducted from the supervisor's balance. As a result, this supervisor carried forward an overstated flex time balance of 8 additional hours throughout 2014. This leave was noted as used by the end of 2014. The Juvenile District corrected this problem by docking this employee 8 hours in 2015 of the subsequent fiscal year end.
  
2. In 2013, one supervisor resigned with a balance of 22 hours of flex time. Instead of being paid for this time upon separation of employment, this supervisor donated the remaining 22 hours of flex time to another supervisor without any management approval or formal policy on file allowing donated time. This employee used all of the 22 donated hours by the end of the 2013. The Juvenile District corrected this problem by docking this employee 22 hours in 2015 of the subsequent fiscal year end.

The Juvenile District should establish a flexible time policy documenting who is entitled to flex time, how it is to be accrued, when it can be used, if donated time is acceptable and management oversight for review and approval of this time each pay period. Flex time activity should be reviewed and approved by the Executive Director for each pay period for both the Belmont Harrison Detention Center and the Group Home.

**Officials' Response:** The discrepancies in supervisors' accrual of flex time, overtime payment, etc. that were noted during the audit process was brought to the BHJD Board's attention during the following meeting. The creation of a policy to govern such payment was discussed. The recommendation was to hold in the creation of the policy until the audit was finalized. On January 4th, 2016, the BHJD Board will acknowledge the current pay scale and methods of overtime and flex time for supervisors. Within 120 days, a draft policy will be presented for discussion and or approval.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-01	Finding for Recovery Repaid Under Audit – regarding overpayment of the Former Financial Officer.	Yes	N/A.
2012-02	Material Weakness - regarding classification of receipts, disbursements, and fund balances.	No	Not Corrected; Reissued as Finding No. 2014-001.
2012-03	Material Weakness - regarding substantiation of other pay for Group Home employees.	Yes	N/A.



# Dave Yost • Auditor of State

**BELMONT HARRISON JUVENILE DISTRICT**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 19, 2016**