



OHIO AUDITOR OF STATE  
**KEITH FABER**





HURON COUNTY PUBLIC HEALTH  
HURON COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420  
Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Huron County Public Health  
Huron County  
28 Executive Drive  
Norwalk, Ohio 44857

To the Members of the Board:

### ***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 Huron County Public Health, Huron County, Ohio (the District) as of and for the year ended December 31, 2018.

### ***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 Section 117.38 and Ohio Administrative Code Section 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 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 District'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 the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 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 Section 117.38 and Ohio Administrative Code Section 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 District as of December 31, 2018, and the respective changes in financial position thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Huron County Public Health, Huron County, Ohio as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2019, on our consideration of the 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 District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 5, 2019

**Huron County Public Health**  
*Huron County*  
*Combined Statement of Receipts, Disbursements,*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$706,899			\$706,899
Intergovernmental:				
Apportionments	61,000			61,000
Grants	22,600	\$599,303		621,903
Other	54,169			54,169
Charges for Services	592,610	35,608		628,218
Fines, Licenses, and Permits	390,269			390,269
Donations	24,043			24,043
Contract Services	122,711			122,711
Miscellaneous	44,825			44,825
<i>Total Cash Receipts</i>	<u>2,019,126</u>	<u>634,911</u>		<u>2,654,037</u>
<b>Cash Disbursements</b>				
Current:				
Salaries, Wages, and Benefits	913,072	167,173		1,080,245
Office Supplies	38,183			38,183
Project Expense	4,405	209,093		213,498
OPERS	126,036	23,167		149,203
Workers' Compensation	8,850	687		9,537
Medicare	13,425	2,112		15,537
Hospitalization	160,399	1,398		161,797
State Fee	82,746			82,746
Contracts Repair / Service / Personnel	309,082			309,082
Travel Expense	8,346			8,346
Vaccine	285,103			285,103
Advertising and Printing	6,306			6,306
Utilities / Refunds	30,037			30,037
Capital Outlay			\$350,000	350,000
<i>Total Cash Disbursements</i>	<u>1,985,990</u>	<u>403,630</u>	<u>350,000</u>	<u>2,739,620</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>33,136</u>	<u>231,281</u>	<u>(350,000)</u>	<u>(85,583)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Proceeds of Debt			350,000	350,000
Advances In	81,690	149,543		231,233
Advances Out	(149,543)	(81,690)		(231,233)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(67,853)</u>	<u>67,853</u>	<u>350,000</u>	<u>350,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(34,717)</u>	<u>299,134</u>		<u>264,417</u>
<i>Fund Cash Balances, January 1</i>	<u>502,265</u>	<u>127,150</u>		<u>629,415</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		426,284		426,284
Assigned	39,364			39,364
Unassigned	428,184			428,184
<i>Fund Cash Balances, December 31</i>	<u>\$467,548</u>	<u>\$426,284</u>		<u>\$893,832</u>

See accompanying notes to the financial statements

**Huron County Public Health**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Huron County Public Health, Huron County, Ohio (the District) as a body corporate and politic. The District is a combined Board of Health as defined by Section 3709.07 of the Ohio Rev. Code. The District is the union of the General Health District and the Board of Health of the cities of Norwalk and Willard. The District operates under the direction of a nine-member appointed Board of Health with one member appointed by each of the cities, one member appointed by the Licensing Committee and five members appointed by the District Advisory Council. The City of Bellevue appoints a non-voting member to the Board of Health. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and issues health-related licenses and permits.

***Public Entity Risk Pool***

The District participates in the Public Entities Pool of Ohio, which is a public entity risk pool that provides property and casualty coverage for its members. Note 8 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

***Fund Accounting***

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Community Cessation Fund*** This fund receives state grant monies to identify service gaps and provide evidence-based services to residents wishing to quit using tobacco.

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

***HCPH Capital Projects Fund*** This fund received loan proceeds to be used for the acquisition of real property.



**Huron County Public Health**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The District 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires the District to budget each fund annually.

***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 District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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.

***Encumbrances*** The Ohio Revised Code requires the 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 2018 budgetary activity appears in Note 4.

***Capital Assets***

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

***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.

***Fund Balance***

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

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

**Huron County Public Health**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Committed** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

**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 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.

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeded certified resources in the Community Cessation Fund by \$185,357 at December 31, 2018.

Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the HCPH Capital Projects Fund by \$350,000 at December 31, 2018.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2018, follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,098,569	\$2,100,816	\$2,247
Special Revenue	607,167	784,454	177,287
Capital Projects		350,000	350,000
Total	\$2,705,736	\$3,235,270	\$529,534

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,600,835	\$2,189,875	\$410,960
Special Revenue	955,395	486,067	469,328
Capital Projects		350,000	(350,000)
Total	\$3,556,230	\$3,025,942	\$530,288

**Huron County Public Health**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Deposits and Investments**

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

**Note 6 – Intergovernmental Funding and Property Taxes**

***Intergovernmental Funding***

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as other intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**Note 7 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2018, consisted of \$137,853 from the General Fund advanced to the MHAS Fund (\$20,000), Category 2 FDA Food Borne Illness Risk Factor Study Fund (\$19,978), Safe Communities Fund (\$30,000), Cribs for Kids and Safe Sleep Grant Fund (\$30,000), Sewage Operation and Maintenance Fund (\$35,000), and Category 3 FDA Food Standardization Training Fund (\$2,875) to provide working capital for operations.

**Note 8 – Risk Management**

***Risk Pool Membership***

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**Huron County Public Health**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017 (the latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective District.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available).

	<b><u>2017</u></b>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 (the latest information available) the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017 (the latest information available). These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017 (the latest information available), the District's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2018 Contributions to PEP</u></b>
<b>\$ 4,301</b>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Huron County Public Health**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most of the District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

***Social Security***

Several District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

**Note 10 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 11 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Executive Drive Building Loan	<u>\$350,000</u>	0%

The District received a \$350,000 interest free loan in accordance with Ohio Revised Code 3707.55 for the purchase of a building. The loan is interest free and will be repaid in annual installments of \$70,000 with the final payment in January 2024.

***Amortization***

Amortization of the above debt is scheduled as follows:

**Huron County Public Health**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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Year Ending December 31:	Executive Drive Building Loan
2020	\$70,000
2021	70,000
2022	70,000
2023	70,000
2024	70,000
Total	<u>\$350,000</u>

**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the 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.

# OHIO AUDITOR OF STATE KEITH FABER



One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

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

Huron County Public Health  
Huron County  
28 Executive Drive  
Norwalk, Ohio 44857

To the Members of the Board:

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 Huron County Public Health, Huron County, Ohio (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated September 5, 2019 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

As part of our financial statement audit, we considered the 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-002 and 2018-003.

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



Keith Faber  
Auditor of State

Columbus, Ohio

September 5, 2019



HURON COUNTY PUBLIC HEALTH  
HURON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018

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

FINDING NUMBER 2018-001

**Material Weakness – Financial Reporting**

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 following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2018 were identified:

- Special Revenue Fund Type unassigned fund balance of \$393,868 was reclassified to restricted in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);
- Special Revenue Fund Type Appropriation Authority was increased in the amount of \$257,819 in order to bring the amount reported in the notes to the financial statements in line with authorized budget amounts; and
- The District benefited from a \$350,000 loan which was not recorded, resulting in an adjustment to proceeds of debt and a corresponding capital outlay disbursement in the Capital Projects Fund Type.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. The accompanying financial statements, notes to the financial statements, and where applicable, the District's accounting records have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted for the year ended December 31, 2018.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Director of Administrative Services and Board of Health to help identify and correct errors and omissions. The Director of Administrative Services can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54:

<http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

### FINDING NUMBER 2018-002

#### Noncompliance Citation

**Ohio Rev. Code § 5705.39** provides that “the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals.” For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

Community Cessation Fund appropriations (\$474,357) exceeded certified resources (\$289,000) by \$185,357 at December 31, 2018 due to deficiencies in the District's internal controls over compliance monitoring. The failure to limit appropriations to amounts certified could allow for deficit spending practices, resulting in deficit fund balances.

The Director of Administrative Services should monitor appropriations as compared to estimated resources and submit amendments to the County Budget Commission or reduce appropriations if sufficient revenues are not available.

### FINDING NUMBER 2018-003

#### Noncompliance Citation

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing unit from making any expenditure of money unless it has been lawfully appropriated.

HCPH Capital Projects Fund budgetary-basis expenditures (\$350,000) exceeded authorized appropriations (\$0) by \$350,000 at December 31, 2018.

This instance of non-compliance was not detected due to deficiencies in the District's internal controls over compliance monitoring. Spending in excess of authorized amounts could result in deficit spending practices, resulting in deficit fund balances.

The Director of Administrative Services should not certify the availability of funds and should deny payment requests exceeding appropriations. The Director of Administrative Services may request the Board of Health to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

#### Officials' Response:

We did not receive a response from Officials to the findings reported above.



28 Executive Drive, Norwalk, OH 44857 | P: 419-668-1652 | information@huroncohealth.com | F: 419-668-0452

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Finding first reported in 2014. Material weakness for errors in financial reporting.	Not corrected and repeated in this report as Finding 2018-001.	The District declined the opportunity to respond and therefore did not provide reasoning for the continuation of this comment.



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# OHIO AUDITOR OF STATE KEITH FABER



**HURON COUNTY PUBLIC HEALTH**

**HURON 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  
SEPTEMBER 19, 2019**