



Dave Yost • Auditor of State

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Athens City-County General Health District
Athens County
278 West Union Street
Athens, Ohio 45701

To the District Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Athens City-County General Health District, Athens County, Ohio (the 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 of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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 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 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 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 District as of December 31, 2014 and 2013, 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 combined cash balances of the Athens City-County General Health District, Athens 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 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

September 23, 2015

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS 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	Permanent	Totals (Memorandum Only)
Cash Receipts				
Intergovernmental	\$316,363	\$300,947	\$0	\$617,310
Property Taxes	830,483	0	0	830,483
Charges for Services	105,521	6,916	0	112,437
Fines, Licenses and Permits	33,882	280,352	0	314,234
Miscellaneous	21,426	0	0	21,426
<i>Total Cash Receipts</i>	<u>1,307,675</u>	<u>588,215</u>	<u>0</u>	<u>1,895,890</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	654,623	321,159	0	975,782
Fringe Benefits	316,887	51,803	0	368,690
Contractual Services	99,927	102,457	0	202,384
Supplies & Materials	41,873	0	0	41,873
Other	184,410	98,194	0	282,604
Capital Outlay	3,387	0	0	3,387
<i>Total Cash Disbursements</i>	<u>1,301,107</u>	<u>573,613</u>	<u>0</u>	<u>1,874,720</u>
<i>Excess of Receipts Over Disbursements</i>	<u>6,568</u>	<u>14,602</u>	<u>0</u>	<u>21,170</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	5,000	0	5,000
Transfers Out	(5,000)	0	0	(5,000)
Other Financing Sources	0	41	0	41
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>5,041</u>	<u>0</u>	<u>41</u>
<i>Net Change in Fund Cash Balances</i>	1,568	19,643	0	21,211
<i>Fund Cash Balances, January 1</i>	<u>386,557</u>	<u>1,094,092</u>	<u>9,192</u>	<u>1,489,841</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	9,192	9,192
Restricted	0	1,113,735	0	1,113,735
Assigned	388,125	0	0	388,125
<i>Fund Cash Balances, December 31</i>	<u>\$388,125</u>	<u>\$1,113,735</u>	<u>\$9,192</u>	<u>\$1,511,052</u>

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

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS 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	Permanent	Totals (Memorandum Only)
Cash Receipts				
Intergovernmental	\$289,749	\$289,037	\$0	\$578,786
Property Taxes	824,341	0	0	824,341
Charges for Services	101,288	6,813	0	108,101
Fines, Licenses and Permits	37,223	280,499	0	317,722
Miscellaneous	18,509	0	0	18,509
<i>Total Cash Receipts</i>	<u>1,271,110</u>	<u>576,349</u>	<u>0</u>	<u>1,847,459</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	582,288	293,363	0	875,651
Fringe Benefits	328,217	40,980	0	369,197
Contractual Services	118,752	99,993	0	218,745
Supplies & Materials	43,095	0	0	43,095
Other	137,157	105,653	0	242,810
Capital Outlay	6,487	0	0	6,487
<i>Total Cash Disbursements</i>	<u>1,215,996</u>	<u>539,989</u>	<u>0</u>	<u>1,755,985</u>
<i>Excess of Receipts Over Disbursements</i>	<u>55,114</u>	<u>36,360</u>	<u>0</u>	<u>91,474</u>
Other Financing Receipts				
Other Financing Sources	0	38	0	38
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>38</u>	<u>0</u>	<u>38</u>
<i>Net Change in Fund Cash Balances</i>	55,114	36,398	0	91,512
<i>Fund Cash Balances, January 1</i>	<u>331,443</u>	<u>1,057,694</u>	<u>9,192</u>	<u>1,398,329</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	9,192	9,192
Restricted	0	1,094,092	0	1,094,092
Assigned	386,557	0	0	386,557
<i>Fund Cash Balances, December 31</i>	<u>\$386,557</u>	<u>\$1,094,092</u>	<u>\$9,192</u>	<u>\$1,489,841</u>

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

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS 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 Athens City-County General Health District, Athens County, Ohio (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include inspection and licensing of food establishments, inspections of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services

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

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS 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)

Food Service Fund - This fund receives monies from licenses issued to food service providers.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the District's programs. The District had the following significant Permanent Fund:

Orthopedic Trust Fund – This fund is used to account for the proceeds received from the Minnie Mildred Ruston estate for the benefit of crippled children in Athens County.

E. Budgetary Process

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

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 District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. 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 2014 and 2013 budgetary activity appears in Note 2.

F. Fund Balance

Fund balance is divided into three 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:

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

1. Nonspendable

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

2. 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.

3. 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.

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.

G. Property, Plant, and Equipment

The 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.

2. 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	\$1,220,607	\$1,307,675	\$87,068
Special Revenue	601,030	593,256	(7,774)
Total	\$1,821,637	\$1,900,931	\$79,294

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

2. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,550,129	\$1,306,107	\$244,022
Special Revenue	666,630	573,613	93,017
Total	\$2,216,759	\$1,879,720	\$337,039

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,218,732	\$1,271,110	\$52,378
Special Revenue	575,013	576,387	1,374
Total	\$1,793,745	\$1,847,497	\$53,752

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,550,129	\$1,215,996	\$334,133
Special Revenue	631,248	539,989	91,259
Total	\$2,181,377	\$1,755,985	\$425,392

3. 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.

4. Retirement System

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. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2014.

5. Risk Management

The Athens County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District is covered by these policies.

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

6. 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.

7. Subsequent Events

The District was awarded a Preventing Obesity, Diabetes and Heart Disease and Stroke in Ohio Communities federal grant in the amount of \$400,000 through the Ohio Department of Health.

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

Athens City-County General Health District
Athens County
278 West Union Street
Athens, Ohio 45701

To the District Board of Health:

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 Athens City-County General Health District, Athens County, Ohio (the 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 September 23, 2015, wherein we noted the 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 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 District'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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 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. We consider Finding 2014-001 described in the accompanying Schedule of Findings 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The District's response to the Finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the 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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 23, 2015

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Athens County Auditor's Office is the District's Fiscal Agent who prepares the District's annual financial report.

As a result of the audit procedures performed, we noted the following errors in the financial statements prepared by the Fiscal Agent that required audit adjustments or reclassifications:

For the year ended December 31, 2013:

- The Orthopedic Trust Fund balance (\$9,192) was posted in the Special Revenue Fund instead of the Permanent Fund.
- BCMH receipts from the State (\$93,833) and Registered Sanitarian Contract Services (\$26,924) were posted as miscellaneous revenue instead of intergovernmental and charges for services, respectively, in the General Fund.
- Retail Food Establishment Fund receipts (\$35,718) were posted as fees instead of licenses in the Special Revenue Fund.
- Because the entire General Fund December 31, 2013 balance was included as a budgetary resource and appropriated in the 2014 appropriation measure, the entire fund balance (\$386,557) should be classified as Assigned instead of Unassigned.

For the year ended December 31, 2014:

- The Orthopedic Trust Fund balance (\$9,192) was posted in the Special Revenue Fund instead of the Permanent Fund.
- BCMH receipts (\$123,828) and Registered Sanitarian Contract Services (\$24,254) were posted as Miscellaneous Revenue instead of intergovernmental and Charges for Services in the General Fund.
- Homestead and Rollback (\$105,360) was posted as taxes instead of intergovernmental in the General Fund.
- Because the entire General Fund December 31, 2014 balance was included as a budgetary resource and fully appropriated in the 2014 appropriation measure, the entire fund balance (\$388,125) should be classified as Assigned instead of Unassigned.
- Retail Food Establishment Fund receipts (\$38,158) were posted as fees instead of licenses in the Special Revenue Fund.

The misstatements resulted from a lack of oversight by the District in ensuring proper posting by the fiscal agent. The adjustments above, with which management agrees, are reflected in the audited financial statements.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, we recommend the District provide the Fiscal Agent a copy of the audit adjustments for guidance on the correct line items to post various receipts and expenditures of the District in future audit periods. We also recommend the District review the financial statements prepared by the Fiscal Agent before the final annual financial report is filed.

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2014-001

Material Weakness – Mispostings (Continued)

Official's Response: We will get together with the Athens County Auditor's office to ensure the corrections and changes relating to the listed items are implemented going forward.



Dave Yost • Auditor of State

ATHENS CITY COUNTY GENERAL HEALTH DISTRICT

ATHENS 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
OCTOBER 8, 2015**