



Dave Yost • Auditor of State



**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

District Board of Health  
Hocking County  
350 State Route 664N  
Logan, Ohio 43138-1001

To the District Board of Health:

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

We have audited the accompanying financial statements and related notes of the District Board of Health, Hocking 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.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

[www.ohioauditor.gov](http://www.ohioauditor.gov)

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 District Board of Health, Hocking 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 August 18, 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

August 18, 2015

**DISTRICT BOARD OF HEALTH  
HOCKING 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<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Intergovernmental                                     | \$135,684        | \$433,369          | \$0                 | \$569,053                      |
| Local Taxes   | 553,152          | 0                  | 0                   | 553,152                        |
| Services and Fees                                     | 215,963          | 212,492            | 0                   | 428,455                        |
| Reimbursement from Internal Programs                  | 10,425           | 0                  | 0                   | 10,425                         |
| Miscellaneous   | 2,017            | 0                  | 0                   | 2,017                          |
| <i>Total Cash Receipts</i>                            | <u>917,241</u>   | <u>645,861</u>     | <u>0</u>            | <u>1,563,102</u>               |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:  |                  |                    |                     |                                |
| Health:   |                  |                    |                     |                                |
| Salaries and Wages                                    | 424,148          | 318,216            | 0                   | 742,364                        |
| Fringe Benefits                                       | 0                | 91,657             | 0                   | 91,657                         |
| Public Employees Retirement                           | 58,542           | 10,969             | 0                   | 69,511                         |
| Hospitalization                                       | 60,890           | 12,224             | 0                   | 73,114                         |
| Medicare  | 5,982            | 1,156              | 0                   | 7,138                          |
| Supplies  | 129,864          | 29,990             | 0                   | 159,854                        |
| Equipment   | 4,000            | 1,911              | 0                   | 5,911                          |
| Contracts - Services and Repair                       | 20,186           | 36,149             | 11,388              | 67,723                         |
| Telephone   | 4,597            | 2,550              | 0                   | 7,147                          |
| Travel and Expenses                                   | 8,838            | 13,902             | 0                   | 22,740                         |
| Workers Compensation                                  | 4,887            | 579                | 0                   | 5,466                          |
| Remittance to State                                   | 21,895           | 15,200             | 0                   | 37,095                         |
| Rent and Utilities                                    | 29,617           | 69,970             | 0                   | 99,587                         |
| Other Expenses  | 7,519            | 5,132              | 0                   | 12,651                         |
| Auditor and Treasurer Fees                            | 18,546           | 0                  | 0                   | 18,546                         |
| <i>Total Cash Disbursements</i>                       | <u>799,511</u>   | <u>609,605</u>     | <u>11,388</u>       | <u>1,420,504</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>117,730</u>   | <u>36,256</u>      | <u>(11,388)</u>     | <u>142,598</u>                 |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Transfers In  | 0                | 0                  | 50,000              | 50,000                         |
| Transfers Out   | (50,000)         | 0                  | 0                   | (50,000)                       |
| Advances In   | 41,000           | 38,000             | 0                   | 79,000                         |
| Advances Out  | (38,000)         | (41,000)           | 0                   | (79,000)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(47,000)</u>  | <u>(3,000)</u>     | <u>50,000</u>       | <u>0</u>                       |
| <i>Net Change in Fund Cash Balances</i>               | <u>70,730</u>    | <u>33,256</u>      | <u>38,612</u>       | <u>142,598</u>                 |
| <i>Fund Cash Balances, January 1</i>                  | <u>448,473</u>   | <u>126,360</u>     | <u>371,071</u>      | <u>945,904</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                  |                    |                     |                                |
| Restricted  | 0                | 159,616            | 0                   | 159,616                        |
| Committed   | 177,471          | 0                  | 409,683             | 587,154                        |
| Assigned  | 184,871          | 0                  | 0                   | 184,871                        |
| Unassigned (Deficit)                                  | 156,861          | 0                  | 0                   | 156,861                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$519,203</u> | <u>\$159,616</u>   | <u>\$409,683</u>    | <u>\$1,088,502</u>             |

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

**DISTRICT BOARD OF HEALTH  
HOCKING 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<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Intergovernmental                                     | \$138,532        | \$397,273          | \$0                 | \$535,805                      |
| Local Taxes   | 503,715          | 0                  | 0                   | 503,715                        |
| Services and Fees                                     | 166,370          | 189,731            | 0                   | 356,101                        |
| Reimbursement from Internal Programs                  | 6,010            | 0                  | 0                   | 6,010                          |
| Miscellaneous   | 882              | 0                  | 0                   | 882                            |
| <i>Total Cash Receipts</i>                            | <u>815,509</u>   | <u>587,004</u>     | <u>0</u>            | <u>1,402,513</u>               |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:  |                  |                    |                     |                                |
| Health:   |                  |                    |                     |                                |
| Salaries and Wages                                    | 410,248          | 305,653            | 0                   | 715,901                        |
| Fringe Benefits                                       | 0                | 68,757             | 0                   | 68,757                         |
| Public Employees Retirement                           | 58,283           | 12,150             | 0                   | 70,433                         |
| Hospitalization                                       | 43,570           | 8,068              | 0                   | 51,638                         |
| Medicare  | 5,812            | 1,256              | 0                   | 7,068                          |
| Supplies  | 109,583          | 70,256             | 0                   | 179,839                        |
| Equipment   | 4,862            | 0                  | 0                   | 4,862                          |
| Contracts - Services and Repair                       | 32,952           | 18,226             | 6,247               | 57,425                         |
| Telephone   | 4,330            | 3,109              | 0                   | 7,439                          |
| Travel and Expenses                                   | 8,383            | 11,633             | 0                   | 20,016                         |
| Advertising and Printing                              | 162              | 150                | 0                   | 312                            |
| Workers Compensation                                  | 4,021            | 850                | 0                   | 4,871                          |
| Remittance to State                                   | 22,879           | 15,100             | 0                   | 37,979                         |
| Rent and Utilities                                    | 30,040           | 60,885             | 0                   | 90,925                         |
| Tire Grant  | 11,033           | 0                  | 0                   | 11,033                         |
| Other Expenses  | 12,054           | 5,754              | 0                   | 17,808                         |
| Auditor and Treasurer Fees                            | 17,209           | 0                  | 0                   | 17,209                         |
| <i>Total Cash Disbursements</i>                       | <u>775,421</u>   | <u>581,847</u>     | <u>6,247</u>        | <u>1,363,515</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>40,088</u>    | <u>5,157</u>       | <u>(6,247)</u>      | <u>38,998</u>                  |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Sale of Capital Assets                                | 0                | 0                  | 14,250              | 14,250                         |
| Transfers In  | 0                | 0                  | 150,000             | 150,000                        |
| Transfers Out   | (150,000)        | 0                  | 0                   | (150,000)                      |
| Advances In   | 43,000           | 41,000             | 0                   | 84,000                         |
| Advances Out  | (41,000)         | (43,000)           | 0                   | (84,000)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(148,000)</u> | <u>(2,000)</u>     | <u>164,250</u>      | <u>14,250</u>                  |
| <i>Net Change in Fund Cash Balances</i>               | <u>(107,912)</u> | <u>3,157</u>       | <u>158,003</u>      | <u>53,248</u>                  |
| <i>Fund Cash Balances, January 1 (As Restated)</i>    | <u>556,385</u>   | <u>123,203</u>     | <u>213,068</u>      | <u>892,656</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                  |                    |                     |                                |
| Restricted  | 0                | 126,360            | 0                   | 126,360                        |
| Committed   | 130,973          | 0                  | 0                   | 130,973                        |
| Assigned  | 76,390           | 0                  | 371,071             | 447,461                        |
| Unassigned (Deficit)                                  | 241,110          | 0                  | 0                   | 241,110                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$448,473</u> | <u>\$126,360</u>   | <u>\$371,071</u>    | <u>\$945,904</u>               |

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

**DISTRICT BOARD OF HEALTH  
HOCKING 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 District Board of Health, Hocking 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 Hocking 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 Funds:

Public Health Infrastructure Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

**DISTRICT BOARD OF HEALTH  
HOCKING 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)**

Women, Infants and Children (WIC) Grant Fund – This fund receives money to provide supplemental nutritious food and nutrition education as an adjunct to good health care to low-income persons in critical periods of growth and development.

**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 District had the following significant Capital Project Fund:

Public Health Contingency Fund – This fund receives money from transfers from the General Fund to provide funds for capital improvements to the District's facilities and allow monies to be available for nuisance abatement.

**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 cancelled and reappropriated in the subsequent year.

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

**F. Fund Balance**

Fund balance is divided into four 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:

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**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. Committed**

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend 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.

**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.

**4. 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.

**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. Restatement of Fund Balance**

The Healthcare Reimbursement Account and the Wellness Incentive/Retirement funds were previously reported as special revenues funds even though their use was limited only by Board resolution.

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

**2. Restatement of Fund Balance (Continued)**

As a result, the beginning balances were moved into the General Fund where they were classified as assigned. The following table shows the reconciliation between the December 31, 2012 fund balances and the January 1, 2013 fund balances:

| <u>Fund Type</u> | 12/31/12<br><u>Fund Balance</u> | <u>Adjustment</u> | 01/01/13<br><u>Fund Balance</u> |
|------------------|---------------------------------|-------------------|---------------------------------|
| General          | \$476,929                       | \$79,456          | \$556,385                       |
| Special Revenue  | 202,659                         | (79,456)          | 123,203                         |

**3. Budgetary Activity**

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

**2014 Budgeted vs. Actual Receipts**

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u>  |
|------------------|------------------------------|----------------------------|------------------|
| General          | \$705,251                    | \$917,241                  | \$211,990        |
| Special Revenue  | 599,176                      | 645,861                    | 46,685           |
| Capital Projects | 0                            | 50,000                     | 50,000           |
| Total            | <u>\$1,304,427</u>           | <u>\$1,613,102</u>         | <u>\$308,675</u> |

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>  |
|------------------|------------------------------------|-----------------------------------|------------------|
| General          | \$1,032,799                        | \$849,511                         | \$183,288        |
| Special Revenue  | 666,373                            | 609,605                           | 56,768           |
| Capital Projects | 50,000                             | 11,388                            | 38,612           |
| Total            | <u>\$1,749,172</u>                 | <u>\$1,470,504</u>                | <u>\$278,668</u> |

**2013 Budgeted vs. Actual Receipts**

| <u>Fund Type</u> | <u>Budgeted<br/>Receipts</u> | <u>Actual<br/>Receipts</u> | <u>Variance</u>  |
|------------------|------------------------------|----------------------------|------------------|
| General          | \$696,250                    | \$815,509                  | \$119,259        |
| Special Revenue  | 615,210                      | 587,004                    | (28,206)         |
| Capital Projects | 14,250                       | 164,250                    | 150,000          |
| Total            | <u>\$1,325,710</u>           | <u>\$1,566,763</u>         | <u>\$241,053</u> |

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation<br/>Authority</u> | <u>Budgetary<br/>Expenditures</u> | <u>Variance</u>  |
|------------------|------------------------------------|-----------------------------------|------------------|
| General          | \$1,085,339                        | \$925,421                         | \$159,918        |
| Special Revenue  | 651,847                            | 581,847                           | 70,000           |
| Capital Projects | 100,000                            | 6,247                             | 93,753           |
| Total            | <u>\$1,837,186</u>                 | <u>\$1,513,515</u>                | <u>\$323,671</u> |

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

**4. 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.

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as 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 District.

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

**6. 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.

**7. Risk Management**

The Hocking 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.

**8. 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.

**9. Subsequent Events**

The District was awarded a Regional Ebola Supplemental Grant in the amount of \$304,000. The grant is to be used for awareness and preparedness in Ebola.

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# 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

District Board of Health  
Hocking County  
350 State Route 664N  
Logan, Ohio 43138-1001

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 District Board of Health, Hocking 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 August 18, 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 weaknesses.

### ***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.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
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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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2014-001.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

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

August 18, 2015

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2014-001**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02(A) provides that all local public offices 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 Director of Finance/Administration posted certain revenue and expenditures transactions incorrectly resulting in audit adjustments.

- Since the subsequent year's appropriations exceeded the estimated receipts in the General Fund, \$184,871 of the December 31 2014 fund balance and \$76,390 of the December 31, 2013 fund balance were reclassified as assigned rather than unassigned.
- Refunded payment activity totaling \$10,000 was incorrectly accounted for as General Fund Services and Fees in 2014 rather than a reduction of the related expenditures in the funds that initially incurred the costs. As a result, audit adjustments decreasing General Fund Services and Fees by \$10,000, Special Revenue (Public Health Emergency Preparedness – PHEP) Fund Supplies by \$4,500, and Capital Project Fund Contract Services and Repair by \$5,500 were proposed to the audited financial statements. The \$4,500 representing a reduction in the PHEP expenditures was, however, properly reimbursed, as required, to the Ohio Department of Health.

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassification, with which the District's management agrees, were made to the financial statements and ledgers and are reflected in the accompanying financial statements.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the Director of Finance/Administration should review the audit adjustments and Auditor of State Bulletin 2011-004 for guidance on the correct line items to post various receipts and expenditures as well as fund balance classifications of the District in future audit periods.

**Official's Response:** The Board of Health, Mr. Fisher, and Ms. Jamie Funk will endeavor to correct the material finding of posting certain revenue and expenditure transactions incorrectly in the future.

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# Dave Yost • Auditor of State

**HOCKING COUNTY DISTRICT BOARD OF HEALTH**

**HOCKING 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 1, 2015**