



Dave Yost • Auditor of State

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wood County District Board of Health
Wood County
1840 East Gypsy Lane Road
Bowling Green, Ohio 43402-9173

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Wood County District Board of Health, Wood County, Ohio (the District) as of and for the year ended December 31, 2014.

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 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 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, 2014, or 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 combined cash balances of the Wood County District Board of Health, Wood County as of December 31, 2014, and its combined cash receipts and disbursements for the years 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 1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

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

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

Dave Yost
Auditor of State

Columbus, Ohio

June 23, 2015

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**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental:	\$159,810	\$1,881,994	\$2,041,804
Levies		1,232,994	1,232,994
Fees	205,957	229,997	435,954
Licenses/Permits		332,823	332,823
Contractual Services	65,000	491,734	556,734
Fines	75		75
Miscellaneous	81	30,759	30,840
<i>Total Cash Receipts</i>	<u>430,923</u>	<u>4,200,301</u>	<u>4,631,224</u>
Cash Disbursements			
Salaries	238,284	2,279,650	2,517,934
Supplies	5,189	177,194	182,383
Remittances to State	113,992	31,459	145,451
Equipment		28,623	28,623
Contracts - Services	16,197	256,893	273,090
Building		121,357	121,357
Travel	7,033	59,686	66,719
Advertising and Printing	783	10,597	11,380
Capital Projects		94,432	94,432
Public Employees' Retirement	32,929	306,937	339,866
FICA		620	620
Employee Insurance	38,445	363,106	401,551
Medicare	3,310	31,644	34,954
Other	14,804	316,842	331,646
<i>Total Cash Disbursements</i>	<u>470,966</u>	<u>4,079,040</u>	<u>4,550,006</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(40,043)</u>	<u>121,261</u>	<u>81,218</u>
Other Financing Receipts (Disbursements)			
Transfers In		812,500	812,500
Transfers Out		(812,500)	(812,500)
Advances In		225,000	225,000
Advances Out		(225,000)	(225,000)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	<u>(40,043)</u>	<u>121,261</u>	<u>81,218</u>
<i>Fund Cash Balances, January 1</i>	<u>228,852</u>	<u>896,684</u>	<u>1,125,536</u>
Fund Cash Balances, December 31			
Restricted		1,017,945	1,017,945
Assigned	152,518		152,518
Unassigned	36,291		36,291
<i>Fund Cash Balances, December 31</i>	<u>\$188,809</u>	<u>\$1,017,945</u>	<u>\$1,206,754</u>

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

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**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

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 Wood County District Board of Health, Wood County, Ohio (the District) as a body corporate and politic. An eleven-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

As required by the Ohio Revised Code, the Wood 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Nursing Fund - This fund receives fees, contractual services and grant revenue for providing Early Intervention services, Bureau for Children with Medical Handicaps (BCMh) services, immunizations, primary care services, and family planning services.

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Levy Fund - This fund receives tax receipts to be used for health activities.

Federally Qualified Health Center (FQHC) Fund – This fund receives Medicare, Medicaid, insurance, self-pay, and other Health & Wellness Center fees, in addition to state and federal revenue for primary care services and family planning services.

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. 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2014 budgetary activity appears in Note 2.

F. 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:

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.

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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.

4. 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.

5. 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. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2014 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$228,150	\$219,842	(\$8,308)
Special Revenue	5,548,503	5,448,882	(99,621)
Total	\$5,776,653	\$5,668,724	(\$107,929)

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$328,500	\$288,722	\$39,778
Special Revenue	5,710,900	5,298,784	412,116
Total	\$6,039,400	\$5,587,506	\$451,894

While reporting financial position, results of operations, and changes in fund balance on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The major difference between the budget basis and the cash basis is that some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The registrar fund is legally budgeted as a separate special revenue fund; however, this fund is considered part of the general fund for financial reporting purposes.

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.

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$1,232,994 in 2014. The financial statements present these amounts as levy 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, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2014.

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Commercial Property Coverage
- Commercial Auto Coverage
- Crime and Fidelity Coverage; and
- Terrorism

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.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. 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, 2013, 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 government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

5. RISK MANAGEMENT (Continued)

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, 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.

<u>Contributions to PEP</u>		
<u>2012</u>	<u>2013</u>	<u>2014</u>
\$4,058	\$4,793	\$4,812

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.

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. ARRANGEMENT WITH WOOD COUNTY

The Wood County District Board of Health has a commitment to the Wood County Commissioners. The payments to the Wood County Commissioners are to be used toward the retirement of debt issued by the Wood County Commissioners for the construction of the District's building. Additionally, the roof on the building was repaired/replaced in late 2013, at a total cost of \$157,283; this amount will be paid back to the Wood County Commissioners over a 7 year period beginning in 2013 and ending in 2019. Amounts due under the agreements, including interest, are as follows:

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

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

7. ARRANGEMENT WITH WOOD COUNTY (Continued)

<u>Year</u>	<u>Building</u>	<u>Roof</u>	<u>Total</u>
2015	\$ 101,038	\$ 22,469	\$ 123,507
2016	97,917	22,469	120,386
2017	94,718	22,469	117,187
2018	96,437	22,469	118,906
2019	97,910	22,469	120,379
2020	99,085		99,085
	<u>\$ 587,105</u>	<u>\$ 112,345</u>	<u>\$ 699,450</u>

8. INTERFUND TRANSFERS AND ADVANCES

During 2014, the Levy Fund made transfers in the amount of \$812,500 respectively, to other governmental funds to subsidize activities in those funds.

Additionally, during 2014, the Levy Fund made advances in the amount of \$100,000 to other governmental funds to subsidize activities in those funds. Repayments of prior year advances, as well as current year advances, were made from the WIC and FQHC Funds in the amounts of \$50,000 and \$75,000, respectively, to the Levy Fund.

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**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Project Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	87-1-001-1-WA-0714	\$271,727
		87-1-001-1-WA-0815	<u>74,707</u>
Total U.S. Department of Agriculture			<u>346,434</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Assistance</i>			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	6 H80CS26578-01-07	<u>725,098</u>
<i>Passed Through Ohio Department of Health</i>			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	87-1-001-2-PH-0514	60,759
		87-1-001-2-PH-0615	<u>46,114</u>
Total CFDA # 93.074			<u>106,873</u>
Maternal and Child Health Services Block Grant to the States	93.994	87-1-001-1-MC-0714	23,873
		87-1-001-1-MC-0815	<u>5,765</u>
Total CFDA # 93.994			<u>29,638</u>
Family Planning Services	93.217	87-1-001-1-RH-0415	<u>125,541</u>
Immunization Cooperative Agreements	93.268	87-1-001-2-IM-0613	169
		87-1-001-2-IM-0714	<u>39,491</u>
Total CFDA # 93.268			<u>39,660</u>
Total U.S. Department of Health and Human Services			<u>1,026,810</u>
Total Federal Awards Expenditures			<u>\$1,373,244</u>

The accompanying notes are an integral part of this schedule.

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Wood County District Board of Health, Wood County, Ohio (the District's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash. The following amount was passed through to the District's subrecipient:

<u>Program Title</u>		<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Immunization Agreements	Cooperative	93.268	\$11,320

As a subrecipient of the Ohio Department of Health, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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*

Wood County District Board of Health
Wood County
1840 East Gypsy Lane Road
Bowling Green, Ohio 43402-9173

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 Wood County District Board of Health, Wood County, Ohio, (the District) as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated June 23, 2015 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 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.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

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

June 23, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Wood County District Board of Health
Wood County
1840 East Gypsy Lane Road
Bowling Green, Ohio 43402-9173

To the Members of the Board:

Report on Compliance for the Major Federal Program

We have audited the Wood County District Board of Health, Wood County, Ohio's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Wood County District Board of Health's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Wood County District Board of Health complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

Report on Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2014-001.

The District's response to the internal control over compliance finding we identified is described in the accompanying schedule of findings and corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio
June 23, 2015

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) – CFDA # 93.224
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

Program Income

Finding Number	2014-001
CFDA Title and Number	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) – CFDA # 93.224
Federal Award Number / Year	6 H80CS26578-01-07 / FY 2014
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	None

Significant Deficiency

The Wood County Community Health and Wellness Center (WCCHWC) has a sliding fee discount scale in place to determine eligibility for patient discounts adjusted on the basis of the patient's ability to pay. A patient's eligibility, as well as their placement on the sliding fee discount scale, is documented in the patient's online profile in the NextGen system. Eligibility and placement is automatically determined by the system based on the patient's household size and household income, all of which is also documented in the system, in accordance with Federal Poverty Guidelines.

We noted one instance in which a patient applied for the sliding fee discount. Based on information provided, the patient was eligible for a twenty percent discount, after insurance had been applied. When calculating the patient's bill on their balance due, the information was flipped and an eighty percent discount was applied. This resulted in the patient being billed for twenty percent of the remaining balance due, instead of the eighty percent the patient should have been billed for. Payment was made on the amount billed, and the patient's account was considered "Paid in Full." However, due to the billing error, the WCCHWC billed and collected less than they should have.

Failure to properly apply the sliding fee scale appropriately could result in a reduction in the amount of program income the WCCHWC could receive. It should be noted, the WCCHWC does have policies in place regarding the patient's ability to pay and writing off outstanding balances. Patients of the WCCHWC cannot be denied access to healthcare based on their inability to pay.

We recommend due care be used when applying the sliding fee discount scale to patient balances, when appropriate, to prevent the incorrect percentage from being applied to the balance due, as well as to prevent patients from being either under- or over-billed for services provided.

Officials' Response:

The Wood County Health District was doing their due diligence in making sure the sliding fee scale discount was accurately being applied. During the audit, in a sample of clients' files that were selected, there was an error that was discovered. This error was a human error. The client's percentage of sliding fee scale discount and the percentage of what the client was responsible for was flip flopped. Because of this error the Health District is going to review the current process, make improvements where needed, and put in place the audit procedure as an additional double check. These additional steps and improvements will safeguard that errors like this will be eliminated.

**WOOD COUNTY DISTRICT BOARD OF HEALTH
WOOD COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	The Wood County Health District will implement a new audit procedure to verify that clients who qualify for the sliding fee scale, based off of the federal guidelines, that their fees are properly being applied and charged.	July 1, 2015, then continuous	Tracy Henderly, Finance Director

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Dave Yost • Auditor of State

WOOD COUNTY DISTRICT BOARD OF HEALTH

WOOD 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
JULY 9, 2015**