



Dave Yost • Auditor of State



**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

District Board of Health  
Clinton County  
111 S. Nelson Ave., Suite 1  
Wilmington, OH 45177

To the Board of Health:

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

We have audited the accompanying financial statements and related notes of District Board of Health, Clinton County, (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 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 opinions.

### ***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 and 2013, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of District Board of Health, Clinton County, 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016, 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

January 12, 2016

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$407,038	\$0	\$407,038
Charges for Services	0	244,002	244,002
Fines, Licenses and Permits	91,315	112,105	203,420
Intergovernmental:			
Grants	0	276,222	276,222
Other	62,572	0	62,572
Vital Statistics	82,853	0	82,853
Refunds/Reimbursements	4,847	0	4,847
Miscellaneous	46,040	14,485	60,525
<i>Total Cash Receipts</i>	<u>694,665</u>	<u>646,814</u>	<u>1,341,479</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries / Fringe Benefits	348,987	582,361	931,348
Supplies	8,719	41,278	49,997
Equipment	5,152	11,998	17,150
Contract	24,148	4,961	29,109
Travel	14,758	10,055	24,813
Rental	11,000	0	11,000
Refund to State	48,310	12,680	60,990
Lab Fees	12,382	1,565	13,947
Other	36,702	65,056	101,758
Medical Assistance	0	9,513	9,513
<i>Total Cash Disbursements</i>	<u>510,158</u>	<u>739,467</u>	<u>1,249,625</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>184,507</u>	<u>(92,653)</u>	<u>91,854</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	14,594	153,907	168,501
Transfers Out	(153,907)	(14,594)	(168,501)
Advances In	17,187	18,000	35,187
Advances Out	(18,000)	(17,000)	(35,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(140,126)</u>	<u>140,313</u>	<u>187</u>
<i>Net Change in Fund Cash Balances</i>	44,381	47,660	92,041
<i>Fund Cash Balances, January 1</i>	<u>643,139</u>	<u>521,420</u>	<u>1,164,559</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	569,080	569,080
Assigned	17,266	0	17,266
Unassigned (Deficit)	670,254	0	670,254
<i>Fund Cash Balances, December 31</i>	<u>\$687,520</u>	<u>\$569,080</u>	<u>\$1,256,600</u>

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

**DISTRICT BOARD OF HEALTH  
CLINTON 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$413,506	\$0	\$413,506
Charges for Services	0	261,674	261,674
Fines, Licenses and Permits	85,504	144,103	229,607
Intergovernmental:			
Grants	0	288,605	288,605
Other	61,702	9,922	71,624
Vital Statistics	85,058	0	85,058
Refunds/Reimbursements	27,527	0	27,527
Miscellaneous	14,689	0	14,689
	<b>687,986</b>	<b>704,304</b>	<b>1,392,290</b>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries / Fringe Benefits	392,220	578,233	970,453
Supplies	8,518	31,999	40,517
Equipment	175	3,560	3,735
Contract	21,523	240	21,763
Travel	13,809	9,956	23,765
Rental	10,000	2,400	12,400
Refund to State	47,590	32,931	80,521
Lab Fees	0	1,936	1,936
Other	37,270	43,875	81,145
Medical Assistance	0	7,474	7,474
	<b>531,105</b>	<b>712,604</b>	<b>1,243,709</b>
<i>Total Cash Disbursements</i>	<b>531,105</b>	<b>712,604</b>	<b>1,243,709</b>
<i>Excess of Receipts Over (Under) Disbursements</i>	<b>156,881</b>	<b>(8,300)</b>	<b>148,581</b>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	117,512	117,512
Transfers Out	(117,512)	0	(117,512)
Advances In	53,000	17,000	70,000
Advances Out	(17,000)	(53,000)	(70,000)
	<b>(81,512)</b>	<b>81,512</b>	<b>0</b>
<i>Total Other Financing Receipts (Disbursements)</i>	<b>(81,512)</b>	<b>81,512</b>	<b>0</b>
<i>Net Change in Fund Cash Balances</i>	<b>75,369</b>	<b>73,212</b>	<b>148,581</b>
<i>Fund Cash Balances, January 1</i>	<b>567,770</b>	<b>448,208</b>	<b>1,015,978</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	521,420	521,420
Assigned	14,398	0	14,398
Unassigned (Deficit)	628,741	0	628,741
	<b>643,139</b>	<b>521,420</b>	<b>1,164,559</b>
<i>Fund Cash Balances, December 31</i>	<b>\$643,139</b>	<b>\$521,420</b>	<b>\$1,164,559</b>

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



**DISTRICT BOARD OF HEALTH  
CLINTON 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, Clinton County, (the District) as a body corporate and politic. A five-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 Health Commissioner and Medical Director, who is a licensed physician, are appointed by the District Board to supervise the District's daily activities. 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 Clinton 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:

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund that accounts for the Special Supplemental Nutrition Program.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

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

Public Home Nursing Services (PHNF) Fund - This fund receives fees for providing home nursing services to elderly and homebound persons.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds).

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**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 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.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(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 years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$790,875	\$726,446	(\$64,429)
Special Revenue	754,707	818,721	64,014
Total	\$1,545,582	\$1,545,167	(\$415)

**DISTRICT BOARD OF HEALTH  
CLINTON 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	\$746,503	\$682,065	\$64,438
Special Revenue	818,175	771,061	47,114
Total	\$1,564,678	\$1,453,126	\$111,552

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$653,746	\$740,986	\$87,240
Special Revenue	757,123	838,816	81,693
Total	\$1,410,869	\$1,579,802	\$168,933

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$726,656	\$665,617	\$61,039
Special Revenue	856,823	765,604	91,219
Total	\$1,583,479	\$1,431,221	\$152,258

**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 \$407,038 in 2014 and \$413,506 in 2013. The financial statements present these amounts as tax receipts.

**4. Retirement Systems**

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%, 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.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

**5. Risk Management**

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

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

The Government 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, 2014, 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, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Government's share of these unpaid claims collectible in future years is approximately \$8,000.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

**5. Risk Management (Continued)**

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

<b><u>Contributions to PEP</u></b>	
<b><u>2013</u></b>	<b><u>2014</u></b>
\$11,709	\$12,400

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 in coverage from the prior year.)

**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.



# 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  
Clinton County  
111 S. Nelson Ave., Suite 1  
Wilmington, Ohio 45177

To the 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, Clinton County, (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 January 12, 2016 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.

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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be 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. 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 initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 12, 2016



**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

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

**Material Weakness**

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The District uses the County's MUNIS accounting system to prepare financial statements. The County chart of accounts includes the expenditure program codes for many common restricted funds. Revenue and expenditures must be properly coded in the MUNIS system to be properly classified on the financial statements. The District did not accurately code receipts and disbursements resulting in classification errors on the financial statements. Failure to have properly classified financial statements can mislead the users on the activity of the District.

The District had known errors that resulted in the following misstatements on the financial statements:

- Property Tax and Homestead & Rollback receipts in the amount of \$397,960 during 2014 were posted net of \$11,292 in fees. These receipts should have been posted at gross totaling \$409,252 with expenditures for the fees of \$11,292.
- Property Tax and Homestead & Rollback receipts in the amount of \$402,826 during 2013 were posted net of \$11,187 in fees. These receipts should have been posted at gross totaling \$414,013 with expenditures for the fees of \$11,187.
- Homestead & Rollback receipts in the amount of \$62,572 during 2014 and \$61,702 during 2013 were posted as Property Tax receipts and should have been recorded as Intergovernmental receipts.
- The District did not properly post reimbursements from the Special Revenue funds to the General Fund during 2014. The reimbursements were recorded as receipts in the General Fund. The reimbursements should have reduced General Fund expenditures in the amount of \$33,409.
- Special Revenue Funds expensed their Ending Fund Balances into the General Fund by check. The Ending Fund Balance transfers were posted as General Fund receipts and Special Revenue expenditures. These transactions should have been Transfers Out and Transfers In in the amount of \$14,594.

Failure to accurately post and report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District. Audit adjustments were posted to the financial statements to correct these errors.

We recommend that the District review the County's chart of accounts to assure that items are being posted accurately and to the proper account codes & funds.

**Officials' Response:**

We did not receive a response from officials to the finding above.

**FINDING NUMBER 2014-002**

**Material Weakness**

**Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions**, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications related to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned.

The District has numerous Special Revenue funds. Under the GASB 54 guidelines, Special Revenue funds are used to 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. As such, the Special Revenue funds should be classified as Restricted because these monies have externally placed restrictions. This resulted in the reclassification of unassigned fund balances to restricted fund balances in the amounts of \$521,420 for 2013 and \$569,080 for 2014.

The District had encumbrances outstanding at year-end of 2014 and 2013. Under GASB 54 guidelines, the District should have reported end-of-year encumbrances as assigned in the General Fund. This resulted in the reclassification of unassigned fund balances to assigned fund balances in the amounts of \$14,398 for 2013 and \$17,266 for 2014.

**Officials' Response:**

We did not receive a response from officials to the finding above.



# Dave Yost • Auditor of State

**CLINTON COUNTY DISTRICT BOARD OF HEALTH**

**CLINTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 26, 2016**