



Dave Yost • Auditor of State

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the District Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the District Board of Health, Hocking County, Ohio (the District), as of and for the years ended December 31, 2016 and 2015.

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 § 117.38 and Ohio Administrative Code § 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 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2016 and 2015, 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, Hocking County, Ohio, as of December 31, 2016 and 2015, 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(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2017, 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

May 9, 2017

DISTRICT BOARD OF HEALTH
HOCKING COUNTY

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$526,738	\$0	\$0	\$526,738
Services and Fees	304,430	282,783	0	587,213
Intergovernmental	181,549	661,944	0	843,493
Reimbursement from Internal Programs	14,764	0	0	14,764
<i>Total Cash Receipts</i>	<u>1,027,481</u>	<u>944,727</u>	<u>0</u>	<u>1,972,208</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	443,625	385,851	0	829,476
Fringe Benefits	0	97,768	0	97,768
Supplies	195,455	43,631	0	239,086
Equipment	1,400	0	0	1,400
Contracts - Services and Repair	22,948	177,798	4,338	205,084
Telephone	4,420	2,422	0	6,842
Travel and Expenses	8,916	16,887	0	25,803
Public Employees Retirement	57,810	14,357	0	72,167
Workers Compensation	4,280	710	0	4,990
Medicare	6,235	1,508	0	7,743
Hospitalization	67,000	12,048	0	79,048
Remittance to State	22,310	20,932	0	43,242
Rent and Utilities	38,117	61,627	0	99,744
Other Expenses	4,658	5,092	0	9,750
Auditor and Treasurer Fees	17,245	0	0	17,245
<i>Total Cash Disbursements</i>	<u>894,419</u>	<u>840,631</u>	<u>4,338</u>	<u>1,739,388</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>133,062</u>	<u>104,096</u>	<u>(4,338)</u>	<u>232,820</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	0	50,000	50,000
Transfers Out	(50,000)	0	0	(50,000)
Advances In	93,300	78,000	0	171,300
Advances Out	(78,000)	(93,300)	0	(171,300)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(34,700)</u>	<u>(15,300)</u>	<u>50,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	98,362	88,796	45,662	232,820
<i>Fund Cash Balances, January 1</i>	<u>542,349</u>	<u>160,165</u>	<u>418,553</u>	<u>1,121,067</u>
Fund Cash Balances, December 31				
Restricted	0	248,961	0	248,961
Committed	250,332	0	464,215	714,547
Assigned	65,600	0	0	65,600
Unassigned	324,779	0	0	324,779
<i>Fund Cash Balances, December 31</i>	<u>\$640,711</u>	<u>\$248,961</u>	<u>\$464,215</u>	<u>\$1,353,887</u>

See accompanying notes to the basic financial statements. 3

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District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting 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 and nursing programs and other related services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Public Health Emergency Response Grant: This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

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 funds:

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 allows monies to be available for nuisance abatement.

District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

Capital Assets

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

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:

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
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$800,000	\$1,027,481	\$227,481
Special Revenue	946,030	944,727	(1,303)
Capital Projects	0	50,000	50,000
Total	\$1,746,030	\$2,022,208	\$276,178

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$971,788	\$944,419	\$27,369
Special Revenue	937,671	841,631	96,040
Capital Projects	35,000	4,338	30,662
Total	\$1,944,459	\$1,790,388	\$154,071

District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 - 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.

Note 5 – 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.

Note 6 - 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.

Note 7 – Interfund Balances

Advances

Outstanding advances at December 31, 2016, consisted of \$2,000 advanced to Public Health Infrastructure Grant from the General Fund to provide working capital for operations.

Note 8 – 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.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees 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. 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, 2016.

District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 – 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.

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DISTRICT BOARD OF HEALTH
HOCKING COUNTY

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$521,431	\$0	\$0	\$521,431
Services and Fees	246,285	208,672	0	454,957
Intergovernmental	133,380	425,454	0	558,834
Reimbursement from Internal Programs	10,000	0	0	10,000
Community Health Assessment	17,000	0	0	17,000
Miscellaneous	2,894	0	0	2,894
<i>Total Cash Receipts</i>	<u>930,990</u>	<u>634,126</u>	<u>0</u>	<u>1,565,116</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	430,824	331,933	0	762,757
Fringe Benefits	0	87,733	0	87,733
Supplies	125,262	24,010	0	149,272
Equipment	15,144	4,089	0	19,233
Contracts - Services and Repair	45,553	67,265	31,130	143,948
Telephone	3,964	3,123	0	7,087
Travel and Expenses	10,298	16,658	0	26,956
Public Employees Retirement	59,044	13,165	0	72,209
Workers Compensation	2,866	467	0	3,333
Medicare	6,034	1,333	0	7,367
Hospitalization	65,810	10,515	0	76,325
Remittance to State	20,263	15,457	0	35,720
Rent and Utilities	36,958	66,500	0	103,458
Tire Grant	1,160	0	0	1,160
Other Expenses	10,098	8,629	0	18,727
Auditor and Treasurer Fees	17,266	0	0	17,266
<i>Total Cash Disbursements</i>	<u>850,544</u>	<u>650,877</u>	<u>31,130</u>	<u>1,532,551</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>80,446</u>	<u>(16,751)</u>	<u>(31,130)</u>	<u>32,565</u>
Other Financing Receipts (Disbursements)				
Transfers In	30,000	0	40,000	70,000
Transfers Out	(70,000)	0	0	(70,000)
Advances In	0	17,300	0	17,300
Advances Out	(17,300)	0	0	(17,300)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(57,300)</u>	<u>17,300</u>	<u>40,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>23,146</u>	<u>549</u>	<u>8,870</u>	<u>32,565</u>
<i>Fund Cash Balances, January 1</i>	<u>519,203</u>	<u>159,616</u>	<u>409,683</u>	<u>1,088,502</u>
Fund Cash Balances, December 31				
Restricted	0	160,165	0	160,165
Committed	199,831	0	418,553	618,384
Assigned	44,859	0	0	44,859
Unassigned	297,659	0	0	297,659
<i>Fund Cash Balances, December 31</i>	<u>\$542,349</u>	<u>\$160,165</u>	<u>\$418,553</u>	<u>\$1,121,067</u>

See accompanying notes to the basic financial statements.

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District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting 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 and nursing programs and other related services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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 funds:

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 allows monies to be available for nuisance abatement.

District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

Capital Assets

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

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:

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
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$773,554	\$960,990	\$187,436
Special Revenue	686,875	634,126	(52,749)
Capital Projects	0	40,000	40,000
Total	\$1,460,429	\$1,635,116	\$174,687

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$968,917	\$920,544	\$48,373
Special Revenue	689,518	650,877	38,641
Capital Projects	35,000	31,130	3,870
Total	\$1,693,435	\$1,602,551	\$90,884

District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 4 - 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.

Note 5 – 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.

Note 6 - 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.

Note 7 – Interfund Balances

Advances

Outstanding advances at December 31, 2015, consisted of \$15,000 and \$2,300 advanced to Women, Infants and Children Grant Fund, and Tobacco Prevention, respectively, from the General Fund to provide working capital for operations.

Note 8 – 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.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees 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. 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, 2015.

District Board of Health
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 10 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 – 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.

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

District Board of Health
Hocking County
350 State Route 664 N
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 cash balances, receipts, and disbursements by fund type of the District Board of Health, Hocking County, Ohio (the District), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2017, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

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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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

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

May 9, 2017

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

All local public offices should 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 posted certain transactions incorrectly resulting in material audit adjustments.

For the period ending December 31, 2015, the following items were noted:

General Fund:

- The Director of Finance improperly classified the portion of the General Fund equity to the Wellness Incentive and Health Reimbursement subaccounts were improperly classified Funds in the annual financial report. As a result, adjustments to increase the Committed Fund Balance and decrease the Restricted Fund Balance by \$199,831 were necessary.

Further, the remaining General Fund balance was classified as Assigned rather than reporting only that portion included in the subsequent year's appropriations as Assigned and the remaining portion as Unassigned in the annual financial report. As a result, adjustments to increase the Unassigned Fund Balance and decrease the Assigned Fund Balance by \$276,483 were necessary.

Special Revenue Funds

- Advances In of \$17,300 to the Women, Infants and Children (WIC) and Tobacco Prevention Special Revenue Funds were posted correctly to the system but erroneously reported as Advances in to the Capital Projects Funds in the annual financial report. As a result, Advances In was increased in the Special Revenue Funds.

Capital Projects Funds

- As a result of the Advance In discussed above, Advances In was decreased by \$17,300 in the Capital Projects Fund
- Sales incentives were improperly posted as Services and Fees when they should have been an offset to total cost. As a result, both Services and Fees receipts Contract Services expenditures decreased by \$2,244.
- The Director of Finance improperly classified the portion of the Capital Project Fund equity resulting in an increase in Assigned Fund Balance and a decrease in Unassigned Fund Balance of \$430,353 in the annual financial report.

For the period ending December 31, 2016, the following items were noted:

General Fund:

- The Director of Finance improperly classified the portion of the General Fund equity to the Wellness Incentive and Health Reimbursement subaccounts were improperly classified in the annual financial report. As a result, adjustments to increase the Committed Fund Balance and decrease the Restricted Fund Balance by \$250,332 were necessary.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2016-001 (Continued)

Material Weakness – Mispostings (Continued)

Further, the remaining General Fund balance was classified as Assigned rather than reporting only that portion included in the subsequent year's appropriations as Assigned and the remaining portion as Unassigned in the annual financial report. As a result, adjustments to increase the Unassigned Fund Balance and decrease the Assigned Fund Balance by \$38,820 were necessary.

- Transfers between funds that were combined with the General Fund were not eliminated for reporting purposes in the annual financial report. As a result, both Transfers In and Transfers Out decreased by \$55,000 in the General Fund.

Capital Projects Funds

- The Director of Finance improperly classified the portion of the Capital Project Fund equity resulting in an increase in Assigned Fund Balance and a decrease in Committed Fund Balance of \$458,715 in the annual financial report.

These misstatements were caused by confusion over proper classifications and a lack of management oversight. As a result, significant adjustments and reclassifications, 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 Combined Statement of Cash Receipts, Cash Disbursements and changes in Fund Cash Balances Financial Report (Financial Report) is completed once a year by the Health Department. This document is not a working document for the Health Department as the Health Department completes and utilizes more comprehensive reports on a monthly and yearly basis. While the Health Department may not have properly used the terminology set forth by Governmental Accounting Standard No. 54, the Department is well-aware of the restrictions associated with the Health Department's funds and complies with those restrictions throughout the year in the day to day operations. Therefore, the Director of Finance as well as the Health Commissioner has struggled to gain an appropriate and clear understanding on how to properly apply these classifications to the funds. In order to ensure proper classification on this report in the future, the Director of Finance will refer to the Auditor of State's Bulletin 2011-004 and consult with a representative from the Auditor of States Office. It would be helpful if there was training that we would be able to attend to learn how to properly classify the funds

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Admin. Code § 117-2-02(A) cited and identified as a material weakness for material misstatements requiring audit adjustment.	Not Corrected	Repeated as a material weakness only as Finding 2016-001. This resulted from an oversight by the Fiscal Officer who plans to correct this for future annual reports.

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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
MAY 23, 2017**