

***DISTRICT BOARD OF HEALTH
MONROE COUNTY***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016





Dave Yost • Auditor of State

Board of Health
District Board of Health
118 Home Avenue
Woodsfield, Ohio 43793

We have reviewed the *Independent Auditors' Report* of the District Board of Health, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 30, 2018

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**DISTRICT BOARD OF HEALTH
MONROE COUNTY
AUDIT REPORT
For the Years Ending December 31, 2017 and 2016**

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INDEPENDENT AUDITOR'S REPORT

District Board of Health Monroe County
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

To the 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 , Monroe County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

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 such 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 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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the District Board of Health, Monroe County as of December 31, 2017 and 2016, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018, 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.



Charles E. Harris & Associates, Inc.
May 30, 2018

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 259,659	\$ -	\$ 259,659
Charges for Services	6,041	-	6,041
Fines, Licenses and Permits	19,628	46,380	66,008
Intergovernmental:			
Apportionments	49,773	-	49,773
Grants	-	153,019	153,019
Other	10,555	16,168	26,723
Miscellaneous	1,376	3,258	4,634
Total Cash Receipts	<u>347,032</u>	<u>218,825</u>	<u>565,857</u>
Cash Disbursements			
Current:			
Health:			
Salaries	154,157	146,633	300,790
Supplies	21,098	-	21,098
Contracts - Services	16,500	22,985	39,485
Travel	3,836	4,354	8,190
Remittance to State	-	5,817	5,817
Medicare	2,213	2,061	4,274
OPERS	20,433	20,420	40,853
Worker's Comp	1,576	2,161	3,737
Other Expenses	34,019	19,406	53,425
Medical Insurance	12,702	17,695	30,397
FICA	227	-	227
Total Cash Disbursements	<u>266,761</u>	<u>241,532</u>	<u>508,293</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>80,271</u>	<u>(22,707)</u>	<u>57,564</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	41,696	41,696
Transfers Out	(41,696)	-	(41,696)
Advances In	8,000	48,000	56,000
Advances Out	(48,000)	(8,000)	(56,000)
Total Other Financing Receipts (Disbursements)	<u>(81,696)</u>	<u>81,696</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Sources	(1,425)	58,989	57,564
Fund Cash Balances, January 1	<u>7,198</u>	<u>105,878</u>	<u>113,076</u>
Fund Cash Balances, December 31			
Restricted	-	152,519	152,519
Committed	-	12,348	12,348
Assigned	4,031	-	4,031
Unassigned	1,742	-	1,742
Fund Cash Balances, December 31	<u>\$ 5,773</u>	<u>\$ 164,867</u>	<u>\$ 170,640</u>

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

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the District of Health, Monroe County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. These members are appointed by the District Advisory Council which is made up of the chairman of each township within Monroe County, the mayor of each Village within Monroe County, and the chairman of the Monroe County Commissioners. The District's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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.

B. 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:

General Fund: The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

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:

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

Women, Infants, and Children (WIC) Fund – This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program.

Public Health Emergency Preparedness Grant Fund – This is a federal grant fund used to assure the District is prepared for any public health emergencies, both natural and man-made.

Accreditation Fund – This fund receives State grant money and local funds to conduct accreditation activities to promote health and wellness and required documentation.

C. 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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

D. 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.

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

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:

- **Nonspendable** - The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
- **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.
- **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.
- **Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.
- **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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 349,056	\$ 355,032	\$ 5,976
Special Revenue	296,005	308,521	12,516

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 367,553	\$ 360,488	\$ 7,065
Special Revenue	325,299	249,532	75,767

4. DEPOSITS AND INVESTMENTS

As required by the Ohio Revised Code, the Monroe 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. Deposits and investments disclosures for the County as a whole can be obtained from the County. The District's carrying amount of cash on deposit with the County at December 31, 2017, was \$170,640. The Monroe County Treasurer's Office is located at 101 N. Main Street, Woodsfield, Ohio 45769.

5. INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES

Intergovernmental Funding

The County apportions the excess of the Heath 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.

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

5. INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES (CONTINUED)

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division 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 Other 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 taxing district.

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

6. RETIREMENT SYSTEMS

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. For 2017, 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, 2017.

Social Security

One of the District's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

7. 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

8. INTERFUND BALANCES

Advances

Advances of the District outstanding as of December 31, 2017 to the General Fund are as follows:

Fund	Advance Outstanding
Women, Infants, and Children Fund	\$ 22,000
Children With Medical Handicaps	3,000
2017 Public Health Emergency Preparedness Fund	15,500
2018 Public Health Emergency Preparedness Fund	30,000
Total Advances Outstanding	<u>\$ 70,500</u>

9. RISK MANAGEMENT

Commercial Insurance

The District is part of Monroe County's commercial insurance coverage. The District is insured for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior years.

10. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the state and federal governments. 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.

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Charges for Services	\$ 10,888	\$ -	\$ 10,888
Fines, Licenses and Permits	19,356	53,203	72,559
Intergovernmental:			
Apportionments	155,834	-	155,834
Grants	-	226,135	226,135
Other	10,386	20,137	30,523
Miscellaneous	500	-	500
Total Cash Receipts	<u>196,964</u>	<u>299,475</u>	<u>496,439</u>
Cash Disbursements			
Current:			
Health:			
Salaries	117,655	168,274	285,929
Supplies	6,584	-	6,584
Contracts - Services	16,500	5,922	22,422
Travel	1,598	6,093	7,691
Remittance to State	-	6,072	6,072
Medicare	1,660	2,298	3,958
OPERS	14,888	22,893	37,781
Worker's Comp	1,679	2,634	4,313
Other Expenses	24,077	29,498	53,575
Medical Insurance	10,901	30,428	41,329
FICA	232	-	232
Total Cash Disbursements	<u>195,774</u>	<u>274,112</u>	<u>469,886</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,190</u>	<u>25,363</u>	<u>26,553</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	747	747
Transfers Out	(747)	-	(747)
Advances In	25,873	27,373	53,246
Advances Out	(27,373)	(25,873)	(53,246)
Total Other Financing Receipts (Disbursements)	<u>(2,247)</u>	<u>2,247</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Sources	(1,057)	27,610	26,553
Fund Cash Balances, January 1	8,255	78,268	86,523
Fund Cash Balances, December 31			
Restricted	-	104,846	104,846
Committed	-	1,032	1,032
Assigned	7,198	-	7,198
Fund Cash Balances, December 31	<u>\$ 7,198</u>	<u>\$ 105,878</u>	<u>\$ 113,076</u>

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

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Monroe County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. These members are appointed by the District Advisory Council which is made up of the chairman of each township within Monroe County, the mayor of each Village within Monroe County, and the chairman of the Monroe County Commissioners. The District's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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.

B. Fund Accounting

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General Fund: The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

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:

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

Women, Infants, and Children (WIC) Fund – This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program.

Public Health Emergency Preparedness Grant Fund – This is a federal grant fund used to assure the District is prepared for any public health emergencies, both natural and man-made.

Tobacco Prevention – This fund receives State grant money to provide education to students and adults about health hazards from using tobacco products.

Ebola and Other Special Pathogens – This fund receives grant money which is passed through Washington County Health Department from the Ohio Department of Health and is used to address preparedness for an event of an infectious disease outbreak.

C. 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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 re-appropriated.

A summary of 2016 budgetary activity appears in Note 3.

D. 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.

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

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:

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

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.

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.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 233,135	\$ 222,837	\$ (10,298)
Special Revenue	342,437	327,595	(14,842)

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 240,320	\$ 230,669	\$ 9,651
Special Revenue	352,517	299,985	52,532

4. DEPOSITS AND INVESTMENTS

As required by the Ohio Revised Code, the Monroe 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. Deposits and investments disclosures for the County as a whole can be obtained from the County. The District’s carrying amount of cash on deposit with the County at December 31, 2016, was \$113,076. The Monroe County Treasurer’s Office is located at 101 N. Main Street, Woodsfield, Ohio 45769.

5. INTERGOVERNMENTAL FUNDING

Intergovernmental Funding

The County apportions the excess of the Heath 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.

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

6. RETIREMENT SYSTEMS

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. For 2016, 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.

Social Security

One of the District’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants’ gross salaries. The District has paid all contributions required through December 31, 2016.

7. 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016.

8. INTERFUND BALANCES

Advances

Advances of the District outstanding as of December 31, 2016 to the General Fund are as follows:

Fund	Advance Outstanding
Women, Infants, and Children Fund	\$ 12,000
Tobacco Fund	8,000
Children With Medical Handicaps	3,000
2017 Public Health Emergency Preparedness Fund	7,500
Total Advances Outstanding	\$ 30,500

DISTRICT BOARD OF HEALTH
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

9. RISK MANAGEMENT

Commercial Insurance

The District is part of Monroe County's commercial insurance coverage. The District is insured for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior years.

10. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the state and federal governments. 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH REQUIRED BY GOVERNMENT AUDITING STANDARDS**

District Board of Health
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

To the Board of Health:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the District Board of Health, Monroe County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2018, 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

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 30, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
May 30, 2018



Dave Yost • Auditor of State

MONROE COUNTY DISTRICT BOARD OF HEALTH

MONROE 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
AUGUST 9, 2018**