



Dave Yost • Auditor of State

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY
DECEMBER 31, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Public Health - Dayton and Montgomery County
Montgomery County
117 South Main Street
Dayton, Ohio 45422

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Public Health - Dayton and Montgomery County, Ohio (PHDMC), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise PHDMC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 PHDMC'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 PHDMC'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Health - Dayton and Montgomery County, Ohio, as of December 31, 2017, and the respective changes in cash financial position and the respective budgetary comparison for the General, Federal, and Air Pollution funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2018, on our consideration of PHDMC'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 PHDMC's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2018

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2017**

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	10,640,763
	<hr/>
<i>Total Assets</i>	<u><u>10,640,763</u></u>
Net Position	
Restricted for:	
Federal Fund	1,160,658
Air Pollution	1,911,536
Unrestricted	<u>7,568,569</u>
<i>Total Net Position</i>	<u><u>\$10,640,763</u></u>

See accompanying notes to the basic financial statements

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
Current:			
Health:			
Public Health Services	\$30,003,813	\$7,061,611	\$7,988,332
Capital Outlay	4,706,509		(\$14,953,870)
<i>Total Governmental Activities</i>	<u>34,710,322</u>	<u>7,061,611</u>	<u>(19,660,379)</u>
General Receipts:			
Property Taxes Levied for Human Services			15,805,400
Miscellaneous			391,573
<i>Total General Receipts</i>			<u>16,196,973</u>
Change in Net Position			(3,463,406)
<i>Net Position Beginning of Year</i>			<u>14,104,169</u>
<i>Net Position End of Year</i>			<u>\$10,640,763</u>

See accompanying notes to the basic financial statements

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Federal Fund	Air Pollution Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$5,687,866	\$1,160,658	\$1,911,536	\$1,128,322	\$752,381	\$10,640,763
<i>Total Assets</i>	<u>\$5,687,866</u>	<u>\$1,160,658</u>	<u>\$1,911,536</u>	<u>\$1,128,322</u>	<u>\$752,381</u>	<u>\$10,640,763</u>
Fund Balances						
Restricted		\$1,160,658	\$1,911,536			3,072,194
Committed				\$1,128,322	\$752,381	1,880,703
Assigned	3,123,389					3,123,389
Unassigned (Deficit)	2,564,477					2,564,477
<i>Total Fund Balances</i>	<u>\$5,687,866</u>	<u>\$1,160,658</u>	<u>\$1,911,536</u>	<u>\$1,128,322</u>	<u>\$752,381</u>	<u>\$10,640,763</u>

See accompanying notes to the basic financial statements

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Federal Fund	Air Pollution Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Levy Funds	\$15,805,400					\$15,805,400
Intergovernmental Revenues	354,164	\$5,351,414	\$2,282,754			7,988,332
Licenses, Permits and Fees	2,209,811		130,789		\$1,341,389	3,681,989
Charges for Services	2,855,353	412,853	70,162		3,705	3,342,073
Miscellaneous	391,573	21,405	11,421		4,723	429,122
<i>Total Receipts</i>	<u>21,616,301</u>	<u>5,785,672</u>	<u>2,495,126</u>	<u>\$0</u>	<u>1,349,817</u>	<u>31,246,916</u>
Disbursements						
Current:						
Salaries and Benefits	12,558,183	4,997,871	2,100,658		1,078,809	20,735,521
Supplies	1,148,094	240,741	31,419	60,708	8,190	1,489,152
Contracts	1,027,590	190,882	39,543		8,311	1,266,326
Intergovernmental	1,328,666				77,888	1,406,554
Rentals	793,612	449,223	87,117		17,572	1,347,524
Other Disbursements	2,542,915	1,035,299	115,670	7,690	57,162	3,758,736
Capital Outlay	881,778	340,360	40,606	3,442,888	877	4,706,509
<i>Total Disbursements</i>	<u>20,280,838</u>	<u>7,254,376</u>	<u>2,415,013</u>	<u>3,511,286</u>	<u>1,248,809</u>	<u>34,710,322</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,335,463</u>	<u>(1,468,704)</u>	<u>80,113</u>	<u>(3,511,286)</u>	<u>101,008</u>	<u>(3,463,406)</u>
Other Financing Sources (Uses)						
Transfers In		1,500,000	389,000	1,000,000	0	2,889,000
Transfers Out	(2,889,000)					(2,889,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,889,000)</u>	<u>1,500,000</u>	<u>389,000</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(1,553,537)</u>	<u>31,296</u>	<u>469,113</u>	<u>(2,511,286)</u>	<u>101,008</u>	<u>(3,463,406)</u>
<i>Fund Balances Beginning of Year</i>	<u>7,241,403</u>	<u>1,129,362</u>	<u>1,442,423</u>	<u>3,639,608</u>	<u>651,373</u>	<u>14,104,169</u>
<i>Fund Balances End of Year</i>	<u>\$5,687,866</u>	<u>\$1,160,658</u>	<u>\$1,911,536</u>	<u>\$1,128,322</u>	<u>\$752,381</u>	<u>\$10,640,763</u>

See accompanying notes to the basic financial statements

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Levy Funds	\$15,911,000	\$15,959,106	\$15,805,400	(\$153,706)
Intergovernmental Revenues	362,744	374,955	354,164	(20,791)
Licenses, Permits and Fees	2,134,410	2,134,410	2,209,811	75,401
Charges for Services	3,750,718	3,850,718	2,855,353	(995,365)
Miscellaneous	264,745	264,745	391,573	126,828
<i>Total Receipts</i>	<u>22,423,617</u>	<u>22,583,934</u>	<u>21,616,301</u>	<u>(967,633)</u>
Disbursements				
Current:				
Salaries and Benefits	13,371,693	12,803,179	12,560,441	242,738
Supplies	1,340,175	1,339,358	1,238,450	100,908
Contracts	2,001,041	1,981,817	1,480,214	501,603
Intergovernmental	1,591,686	1,915,986	1,652,579	263,407
Rentals	759,102	811,050	801,542	9,508
Other Disbursements	3,598,294	4,004,120	2,976,236	1,027,884
Capital Outlay	1,046,180	1,255,666	1,121,258	134,408
<i>Total Disbursements</i>	<u>23,708,171</u>	<u>24,111,176</u>	<u>21,830,720</u>	<u>2,280,456</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,284,554)</u>	<u>(1,527,242)</u>	<u>(214,419)</u>	<u>1,312,823</u>
Other Financing (Uses)				
Transfers Out	<u>(1,589,000)</u>	<u>(3,027,000)</u>	<u>(2,889,000)</u>	<u>138,000</u>
<i>Net Change in Fund Balance</i>	<u>(2,873,554)</u>	<u>(4,554,242)</u>	<u>(3,103,419)</u>	<u>1,450,823</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	5,606,944	5,606,944	5,606,944	0
Prior Year Encumbrances Appropriated	<u>1,634,459</u>	<u>1,634,459</u>	<u>1,634,459</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$4,367,849</u></u>	<u><u>\$2,687,161</u></u>	<u><u>\$4,137,984</u></u>	<u><u>\$1,450,823</u></u>

See accompanying notes to the basic financial statements

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FEDERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental Revenues	\$5,149,652	\$5,486,079	\$5,351,414	(\$134,665)
Charges for Services	1,121,259	1,555,153	412,853	(1,142,300)
Miscellaneous			21,405	21,405
<i>Total Receipts</i>	<u>6,270,911</u>	<u>7,041,232</u>	<u>5,785,672</u>	<u>(1,255,560)</u>
Disbursements				
Current:				
Salaries and Benefits	4,874,143	5,592,704	4,997,871	594,833
Supplies	256,854	384,462	273,390	111,072
Contracts	395,707	502,027	234,078	267,949
Rentals	449,535	482,555	458,292	24,263
Other Disbursements	1,128,045	1,078,630	1,146,617	(67,987)
Capital Outlay	278,934	295,024	374,051	(79,027)
<i>Total Disbursements</i>	<u>7,383,218</u>	<u>8,335,402</u>	<u>7,484,299</u>	<u>851,103</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,112,307)</u>	<u>(1,294,170)</u>	<u>(1,698,627)</u>	<u>(404,457)</u>
Other Financing Sources (Uses)				
Transfers In	100,000	1,600,000	1,500,000	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>100,000</u>	<u>1,600,000</u>	<u>1,500,000</u>	<u>(100,000)</u>
<i>Net Change in Fund Balance</i>	(1,012,307)	305,830	(198,627)	(504,457)
<i>Unencumbered Fund Balance Beginning of Year</i>	595,442	595,442	595,442	0
Prior Year Encumbrances Appropriated	533,920	533,920	533,920	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$117,055</u>	<u>\$1,435,192</u>	<u>\$930,735</u>	<u>(\$504,457)</u>

See accompanying notes to the basic financial statements

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AIR POLLUTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental Revenues	\$1,984,361	\$1,984,361	\$2,282,754	\$298,393
Licenses, Permits and Fees	108,000	108,000	130,789	22,789
Charges for Services	31,180	44,680	70,162	25,482
Miscellaneous			11,421	11,421
<i>Total Receipts</i>	<u>2,123,541</u>	<u>2,137,041</u>	<u>2,495,126</u>	<u>358,085</u>
Disbursements				
Current:				
Salaries and Benefits	2,189,268	2,151,445	2,100,658	50,787
Supplies	58,872	48,821	33,064	15,757
Contracts	48,366	49,050	39,543	9,507
Rentals	83,039	93,519	88,202	5,317
Other Disbursements	119,337	167,042	121,461	45,581
Capital Outlay	30,600	52,155	45,411	6,744
<i>Total Disbursements</i>	<u>2,529,482</u>	<u>2,562,032</u>	<u>2,428,339</u>	<u>133,693</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(405,941)</u>	<u>(424,991)</u>	<u>66,787</u>	<u>491,778</u>
Other Financing Sources (Uses)				
Transfers In	389,000	389,000	389,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>389,000</u>	<u>389,000</u>	<u>389,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(16,941)	(35,991)	455,787	491,778
<i>Unencumbered Fund Balance Beginning of Year</i>	1,422,508	1,422,508	1,422,508	0
Prior Year Encumbrances Appropriated	19,915	19,915	19,915	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,425,482</u>	<u>\$1,406,432</u>	<u>\$1,898,210</u>	<u>\$491,778</u>

See accompanying notes to the basic financial statements

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**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

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

1. Reporting Entity

Public Health – Dayton & Montgomery County (PHDMC) is a combined general health district established under the laws of the State of Ohio. A nine-member Board of Health governs PHDMC, which provides public health services to the citizens of Montgomery County and, for certain programs, surrounding counties also. The Board appoints a health commissioner and all employees of PHDMC.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from PHDMC. PHDMC's services include general operations, public health nursing, immunizations, communicable disease clinics and programs, food protection, community and special services, vital statistics, personal health care clinics, regional air pollution monitoring and control, water and solid waste programs, and regional emergency response planning.

B. Component Units

Component units are legally separate organizations for which PHDMC is financially accountable. PHDMC does not have any component units.

C. Public Entity Risk Pools

PHDMC participates in the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. The PEP provides property and casualty coverage for its members. Note 7 to the financial statements provides additional information for this entity.

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

2. Summary of Significant Accounting Policies

A. Basis of Presentation

PHDMC's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about PHDMC as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of PHDMC that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. PHDMC has no business-type activities.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial condition of the governmental activities of PHDMC at year end. The Statement of Activities compares disbursements and program receipts for each program or function of the PHDMC's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which PHDMC is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of PHDMC, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of PHDMC.

2. Fund Financial Statements

During the year, PHDMC segregates transactions related to certain PHDMC functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of PHDMC at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

PHDMC 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. Funds are used to segregate resources that are restricted as to use. PHDMC utilizes the governmental category of funds only; it does not have any fiduciary funds.

1. Governmental Funds

Governmental funds are those through which all governmental functions of PHDMC are financed. The following are PHDMC's major governmental funds:

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

Federal Fund: This fund accounts for and reports federal grant monies that are restricted to expenditure to meet requirements of the grants, whether received directly from the federal government or from the State in the form of a pass-through.

Air Pollution Fund: This fund accounts for and reports financial resources that are restricted to expenditure for monitoring and controlling air pollution within Montgomery and surrounding counties.

Capital Project Fund: This fund accounts for and reports financial resources that are committed to expenditure for the repair and maintenance of various health centers and to purchase/replace other capital items as needed.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Other Governmental Fund: This fund accounts for and reports other resources whose use is restricted, committed or assigned to a particular purpose, such as the food protection program.

C. Basis of Accounting

PHDMC's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in PHDMC's financial records and reported in the financial statements when cash is received, rather than when earned. Likewise, disbursements are recorded when cash is paid, rather than when a liability is incurred. Any such modifications made by PHDMC are described in the appropriate section in this note.

As a result of using this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for services billed or provided but not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund level for all funds. Individual grants are limited to their approved budget; the Board must approve any increase or decrease.

ORC Section 5705.28 (C) (1) requires PHDMC to file an estimate of contemplated revenue and expenses with the municipalities and townships within the health district by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for general health districts, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, PHDMC must adopt an appropriation measure for the next fiscal year. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, PHDMC may transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts also automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Health during the year.

E. Cash and Investments

The Montgomery County Treasurer is the custodian for PHDMC's cash and investments. The County's cash and investment pool holds PHDMC's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from: Montgomery County Treasurer, 451 W. Third Street, Dayton, OH 45422-1475, 937-225-4010.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

PHDMC reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

PHDMC recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

K. Long-Term Obligations

The cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an Other Financing Source nor a Capital Outlay expenditure is reported at inception. Lease payments are reported when paid.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

L. Net Position

Net position is reported as restricted when there are limitations imposed on assets' use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

PHDMC's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

M. Fund Balance

Fund balance is divided into four classifications based primarily on the extent to which PHDMC is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Restricted – Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by PHDMC for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health 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 contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

PHDMC 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.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as Other Financing Sources/Uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. Cash and Cash Equivalents

The Montgomery County Treasurer maintains a cash pool used by all of the County's funds, including those of PHDMC. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of PHDMC's deposits with the Montgomery County Commissioners was \$10,640,763. The Montgomery County Treasurer is the fiscal agent for the PHDMC and is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposit accounts.

4. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis is presented for the general fund and each major special revenue fund. This group of reports is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$1,549,882
Major Special Revenue Funds:	
Federal Fund	229,923
Air Pollution Fund	13,326
Other Funds	<u>487,505</u>
Total Encumbrances at December 31, 2017	<u>2,280,636</u>

5. Property Taxes

The County Commissioners have established a Human Services Levy Council (HSLC) in which PHDMC participates. Distribution of Levy funds to the participating agencies is on a semi-annual basis in accordance with HSLC recommendations. Currently the combined millage for the two levies is 14.24. The HSLC has established a policy regarding agencies maintaining fund balances: each levy agency shall strive to maintain its fund balances, to the extent possible, at about 9% of budgeted expenses on average.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including PHDMC. The County Auditor periodically remits to PHDMC its portion of the taxes collected.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

6. Inter-fund Receivables/Payables

There were no loans or cash advances made between the individual funds during the year; therefore, no inter-fund payable or receivable balances existed at December 31, 2017.

7. Risk Management

A. Risk Pool Membership

The PHDMC 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. 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 York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

B. 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, 2017, 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.

C. Financial Position

The 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, 2017:

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the PHDMC's share of these unpaid claims collectible in future years is approximately \$114,000

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

7. 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.

<u>2017 Contributions to PEP</u> \$180,457
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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.

D. Commercial Insurance Coverage

PHDMC is exposed to various risks of property and casualty losses, and injuries to employees. For the period January 1 through December 31, 2017, PHDMC contracted with the Public Entities Pool of Ohio for third-party claims coverage, with a single occurrence limit of \$5,000,000, no aggregate limit and a \$2,500 deductible.

Professional liability is protected at the level of \$5,000,000 for each single occurrence, no aggregate limit and a \$2,500 deductible.

Vehicle physical damage has a \$1,000 deductible for collision and a \$500 deductible for comprehensive and is covered to the actual cash value.

Blanket real and personal property including boiler and machinery coverage has a limit of \$11,519,411 and a \$1,000 deductible.

Settled claims have not exceeded this insurance coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

E. Workers' Compensation

Montgomery County manages the Workers' Compensation program in which PHDMC participates. Allocation of the cost to PHDMC takes place annually.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

8. Employee Benefits

A. Health Insurance

PHDMC offers health, dental and vision coverage to its employees. Open enrollment occurs annually in the spring, with an effective coverage date of July 1st each year. Health insurance and pharmacy benefits are provided through Anthem. Employees have the option of participating in a High Deductible Health Plan with a Health Savings Account (HSA). Employees who are covered under another health plan receive a waiver payment. The HSA accounts are set up through Mellon Bank, and employees make pre-tax contributions via payroll deduction. PHDMC offers a matching contribution up to \$1,000 for each enrolled employee in the HSA plan.

Employees may also elect to participate in a Flexible Spending Account (FSA), which allows them to set aside funds to cover out-of-pocket expenses for medical care and/or dependent child care expenses. Voluntary employee payroll deductions fund the plan, and employees file their own claims. The FSA is administered by FlexBank, Inc., and PHDMC pays an administrative fee of \$4.50 per month per participating employee.

In addition, PHDMC provides dental and vision benefits through Superior Dental. Life insurance is provided through Companion Life, at a dollar value of one times the annual salary for full-time employees. Employees also have access to short term disability, additional life and accidental insurance, for which the employees pay the full cost.

B. Tuition Reimbursement Program

PHDMC offers a program to reimburse a limited number of employees for tuition and other institutional fees associated with obtaining a Master of Public Health degree at a college or university approved by the Health Commissioner. Upon successful completion of courses, and with accompanying receipts for the costs, PHDMC will reimburse the employee 70 percent of his/her costs. The employee must agree to remain employed with the PHDMC for a minimum of three years after graduation, or repay up to 90 percent of the total reimbursement received.

C. Continuing Education Program

PHDMC offers 100 percent reimbursement, up to \$1,500 per year per person, for costs associated with college or university courses that benefit the employee in maintaining, enhancing, or remaining current with new methodologies. All courses are subject to prior approval by management, and a minimum grade is required to receive reimbursement.

9. Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Plan Description – PHDMC employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. PHDMC employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

9. Defined Benefit Pension Plans (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

9. Defined Benefit Pension Plans (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The PHDMC's contractually required contribution was \$1,952,913 for year 2017.

10. Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

10. Post-Employment Benefits (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the PHDMC's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$150,224, \$283,735, and \$267,139 respectively. The full amount has been contributed for all three years.

11. Leases

PHDMC leases several sites for its operations. PHDMC disbursed \$1,281,453 to pay lease costs for the year ended December 31, 2017. All leases include cancellation provisions. The largest lease is for the Reibold Building, at \$795,113 for the current year. The current lease expires December 31, 2018, and the agreement limits the annual increase to 5 percent per year.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

12. Fund Balances

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which PHDMC is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Federal Fund	Air Pollution Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:						
Federal Fund Programs		\$1,160,658				\$1,160,658
Air Pollution Program			1,911,536			1,911,536
<i>Total Restricted</i>		<u>1,160,658</u>	<u>1,911,536</u>			<u>3,072,194</u>
Committed to:						
Capital Projects and Equipment				1,128,322		1,128,322
Food Service Program					752,381	752,381
<i>Total Committed</i>				<u>1,128,322</u>	<u>752,381</u>	<u>1,880,703</u>
Assigned to:						
Encumbrances - General Fund	1,549,882					1,549,882
Subsequent Year Appropriations	<u>1,573,507</u>					<u>1,573,507</u>
<i>Total Assigned</i>	<u>3,123,389</u>					<u>3,123,389</u>
Unassigned (deficits):	<u>2,564,477</u>					<u>2,564,477</u>
<i>Total Fund Balances</i>	<u>\$5,687,866</u>	<u>\$1,160,658</u>	<u>\$1,911,536</u>	<u>\$1,128,322</u>	<u>\$752,381</u>	<u>\$10,640,763</u>

13. Interfund Transfers

During 2017 the following transfers were made:

	<u>Transfers From</u>
<u>Transfers To</u>	General
Federal Fund	\$1,500,000
Air Pollution Fund	389,000
Capital Project Fund	<u>1,000,000</u>
Total	<u>\$2,889,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The general fund transfers to other governmental funds were made to provide additional resources for current operations and capital improvements.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

14. Contractual Commitments

At December 31, 2017, PHDMC had contractual commitments for services. Some of these commitments will be funded by federal and state program grants. Below is a list of the most significant contract amounts and vendors:

Vendor Name	Amount
Administrative & Logistical Support	\$12,241
APG Office Furnishings	379,595
Catholic Social Services	18,159
CDW Government	8,965
Change Healthcare Solutions LLC	6,064
Cirrus Concept Consulting	28,496
Clark State Community College	18,900
Crescendo Consulting Group LLC	6,703
DAR Public Relations Inc	13,205
Defries Copp LLC	13,603
Devero Inc	15,600
Diane E. Zucker	5,500
Dr. Linda Burrs	9,900
Delmore Elizabeth Plance	8,418
Equitas Health	11,549
Fraber Speciality Vehicles Inc.	127,668
Five Rivers Health Centers	91,992
Gallagher Benefit Services Inc,	11,882
Hazelden Betty Ford Foundation	16,338
Indoor Wireless Inc.	80,186
JL Baker DBA Medical Equipment Svc	28,790
JSI Research and Training Institute	52,303
K12 Gallery	7,000
Kettering Radiologists Inc	5,172
Kronos Inc	30,732
Merchants Security Service	39,836
Miami Valley Interpreters	17,289
Miami Valley Regional Planning Commission	20,028
Ohio Electric Services	6,929
Ohio State University	9,480
Ohio Valley Painting	46,448
Premier Health Specialists	25,000
Progressive Janitorial Services	25,265
Sandra Kimball Murnen	8,880
Secure State Consulting LLC	17,381
Speech and Language Associates of Dayton	5,884
Supplemental Health Care	19,953
Taft, Stettinius & Hollister LLP	31,926
Unifirst Corporation	6,010
Verizon Wireless	25,573
Walgreens	9,403
Welco LKA, Inc.	25,339
William T Burkhart	12,432
Wright State Physicians	77,044
Wright State University	17,422
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Subtotal	1,456,483
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Other Contracts (less than \$5,000 each)	73,846
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Total	\$1,530,329
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**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

15. Contingent Liabilities

Grants

Amounts grantor agencies pay to PHDMC are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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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**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	05710011WA1017	10.557	\$1,710,265
	05710011WA1118	10.557	445,607
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children			<u>2,155,872</u>
Total U.S. Department of Agriculture			<u>2,155,872</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct Aid</i>			
Air Pollution Control Program Support	A-00526415	66.001	370,403
	A-00526416	66.001	98,590
Total Air Pollution Control Program Support			<u>468,993</u>
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM-98577207	66.034	190,986
Total U.S. Environmental Protection Agency			<u>659,979</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	05710012PH0817	93.074	230,187
	05710012PH0918	93.074	130,884
	05710012EB0116	93.074	292,666
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			<u>653,737</u>
Immunization Cooperative Agreements	05710012IM0916	93.268	28,270
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	05710014TU0217	93.305	1,200
	05710014TU0318	93.305	5,000
	05710014CC0817	93.305	103,678
Total PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)			<u>109,878</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	05710012IM1017	93.539	3,580
HIV Prevention Activities Health Department Based	05710012HP0916	93.940	14,675
	05710012HP1017	93.940	355,542
Total HIV Prevention Activities Health Department Based			<u>370,217</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	05710012ST0917	93.977	63,324
Maternal and Child Health Services Block Grant to the States	05710011OM0117	93.994	190,683
	05710011OM0218	93.994	34,226
	05710011MP0117	93.994	147,040
Total Maternal and Child Health Services Block Grant to the States			<u>371,949</u>
Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	05710014CC0716	93.758	9,081
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	05710014PO0317	93.757	306,839
Total State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	05710014PO0418	93.757	72,498
			<u>379,337</u>

PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<i>Passed through Wright State University</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	H79TI025816	93.243	32,310
<i>Passed through National Association of County and City Health Officials</i>			
Medical Reserve Corps Small Grant Program	1HITEP150032-01-00	93.008	1,837
<i>Passed through Ohio Department of Job and Family Services</i>			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	G1617-17-0656	93.566	168,354
	G1819-17-0049	93.566	54,144
Total Refugee and Entrant Assistance State/Replacement Designee Administered Programs			<u>222,498</u>
Total U.S. Department of Health and Human Services			<u>2,246,018</u>
Total Expenditures of Federal Awards			<u><u>\$5,061,869</u></u>

The accompanying notes are an integral part of this schedule.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Public Health – Dayton & Montgomery County (the PHDMC's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the PHDMC, it is not intended to and does not present the financial position or changes in net position of the PHDMC.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The PHDMC has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - MATCHING REQUIREMENTS

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

NOTE D – SAPT BLOCK GRANT

The Center for Alcoholism and Drug Addiction Services (CADAS) is a department of PHDMC. CADAS receives a Block Grant for Prevention and Treatment of Substance Abuse (SAPT) CFDA #93.959 from Montgomery County Alcohol Drug and Mental Health Services Board (ADAMHS) to provide prevention, identification, education, referral and community based services for alcohol and drug users.

Based on the agreement between ADAMHS and CADAS, SAPT monies disbursed by ADAMHS to CADAS are considered contractual and not pass through or sub-recipient. ADAMHS reports SAPT monies on their Schedule of Expenditures and Federal Awards. These monies will not be reported on PHDMC's schedule.

NOTE E – COMMINGLING

Federal monies received are commingled with other state and local revenues for the following programs:

- Maternal and Child Health Services Block Grant to the States (CFDA 93.994)
- Immunization Cooperative Agreements (CFDA 93.268)
- PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds (CFDA 93.539)

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

- PPHF 2018: Office of Smoking and Health – National State-Based Tobacco Control Programs – Financed in Part by 2018 Prevention and Public Health Funds (PPHF) (CFDA 93.305)
- Air Pollution Control Program Support (CFDA #66.001)
- HIV Prevention Activities – Health Department Based (CFDA #93.940)

When reporting expenditures on this Schedule, PHDMC assumes it expends federal monies first.

NOTE F – MEDICAID REIMBURSEMENT CLAIMING AND REFUGEE SCREENINGS

PHDMC receives Medicaid Administrative Claiming (MAC) reimbursements CFDA #93.778 from the Ohio Department of Health (ODH). Based on the agreement between ODH and PHDMC, MAC reimbursements disbursed by ODH to PHDMC are not considered federal dollars. In 2017, PHDMC spent \$221,963 of the MAC reimbursements from the Ohio Department of Health. The monies are not reported on PHDMC's federal schedule.

NOTE G – REFUGEE HEALTH SCREENING SERVICES

PHDMC receives reimbursements from the Ohio Department of Job and Family Services for the Refugee Health Screening Services as part of CFDA # 93.566. These amounts are not claimed as federal dollars but are listed on the Schedule



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*

Public Health – Dayton and Montgomery County
Montgomery County
117 South Main Street
Dayton, Ohio 45422

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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Health – Dayton and Montgomery County (PHDMC) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise PHDMC's basic financial statements and have issued our report thereon dated September 11, 2018, wherein we noted PHDMC uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered PHDMC'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 PHDMC'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 PHDMC's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether PHDMC'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 PHDMC’s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering PHDMC’s internal control and compliance. Accordingly, this report 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

September 11, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Public Health - Dayton and Montgomery County
Montgomery County
117 South Main Street
Dayton, Ohio 45422

To the Board of Health:

Report on Compliance for each Major Federal Program

We have audited Public Health - Dayton and Montgomery County's (PHDMC) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Public Health - Dayton and Montgomery County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies PHDMC's major federal programs.

Management's Responsibility

PHDMC's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the PHDMC's compliance for each of the PHDMC's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about PHDMC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each Major Federal Program

In our opinion, Public Health - Dayton and Montgomery County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2018

**PUBLIC HEALTH – DAYTON AND MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR’S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs’ Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	WIC Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA #10.557) Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements (CFDA #93.074)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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PUBLIC HEALTH – DAYTON AND MONTGOMERY COUNTY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 27, 2018**