



Dave Yost • Auditor of State

FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fayette County General Health District
Fayette County
317 South Fayette Street
Washington County House, Ohio 43160

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Fayette County General Health District, Fayette County, (the District) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Fayette County General Health District, Fayette County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2015

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$895,399		\$895,399
Charges for Services	167,737	68,904	236,641
Fines, Licenses and Permits	625	46,215	46,840
Intergovernmental:			
Apportionments	83,394		83,394
Grants		823,770	823,770
Other	167,294		167,294
Miscellaneous	11,302	15,332	26,634
Refunds	5,807	3,259	9,066
<i>Total Cash Receipts</i>	<u>1,331,558</u>	<u>957,480</u>	<u>2,289,038</u>
Cash Disbursements			
Current:			
Health:			
Salaries	747,194	535,102	1,282,296
Payment to State		36,333	36,333
Capital Projects	10,932		10,932
Water Test Fees		2,696	2,696
Supplies	24,386	90,485	114,871
Equipment	10,532	13,854	24,386
Medical Insurance	204,085	85,233	289,318
Contracts - Services	36,338	60,775	97,113
Medicare Tax	10,342	8,004	18,346
Travel and Expenses	6,665	19,048	25,713
Refund to State	371	1,372	1,743
Advertising & Printing	2,979	308	3,287
Public Employees Retirement	98,816	74,775	173,591
Worker's Compensation	5,832	3,922	9,754
Distribution Expense	25,551		25,551
Utilities	19,015		19,015
Maintenance	4,360		4,360
Fayette County Insurance	9,115		9,115
Other Expense	60,240	21,543	81,783
<i>Total Cash Disbursements</i>	<u>1,276,753</u>	<u>953,450</u>	<u>2,230,203</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,805</u>	<u>4,030</u>	<u>58,835</u>
Other Financing Receipts (Disbursements)			
Advances In	120,534	120,500	241,034
Advances Out	(120,500)	(120,534)	(241,034)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>34</u>	<u>(34)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	54,839	3,996	58,835
<i>Fund Cash Balances, January 1</i>	<u>1,939,737</u>	<u>514,646</u>	<u>2,454,383</u>
Fund Cash Balances, December 31			
Restricted	0	373,038	373,038
Committed	0	145,604	145,604
Assigned	2,306	0	2,306
Unassigned (Deficit)	1,992,270		1,992,270
<i>Fund Cash Balances, December 31</i>	<u>\$1,994,576</u>	<u>\$518,642</u>	<u>\$2,513,218</u>

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

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$890,131		\$890,131
Charges for Services	135,711	73,982	209,693
Fines, Licenses and Permits	2,125	41,346	43,471
Intergovernmental:			
Apportionments	94,064		94,064
Grants		605,404	605,404
Other	179,623		179,623
Miscellaneous	16,109	19,326	35,435
Refunds	7,307	4,982	12,289
<i>Total Cash Receipts</i>	<u>1,325,070</u>	<u>745,040</u>	<u>2,070,110</u>
Cash Disbursements			
Current:			
Health:			
Salaries	690,041	434,561	1,124,602
Payment to State	0	21,337	21,337
Water Test Fees	0	2,256	2,256
Supplies	22,262	80,318	102,580
Equipment	6,788	1,997	8,785
Medical Insurance	165,195	71,519	236,714
Contracts - Services	38,132	41,336	79,468
Medicare Tax	9,524	6,627	16,151
Travel and Expenses	6,671	14,032	20,703
Remittance - State		37,327	37,327
Advertising & Printing	1,222		1,222
Public Employees Retirement	92,448	54,334	146,782
Worker's Compensation	8,469	5,103	13,572
Distribution Expense	41,589		41,589
Utilities	18,333		18,333
Maintenance	3,340		3,340
Fayette County Insurance	8,697		8,697
Other Expense	73,359	18,614	91,973
<i>Total Cash Disbursements</i>	<u>1,186,070</u>	<u>789,361</u>	<u>1,975,431</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>139,000</u>	<u>(44,321)</u>	<u>94,679</u>
Other Financing Receipts (Disbursements)			
Advances In	82,000	93,000	175,000
Advances Out	(93,000)	(82,000)	(175,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,000)</u>	<u>11,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>128,000</u>	<u>(33,321)</u>	<u>94,679</u>
<i>Fund Cash Balances, January 1</i>	<u>1,811,737</u>	<u>547,967</u>	<u>2,359,704</u>
Fund Cash Balances, December 31			
Restricted		331,217	331,217
Committed		183,429	183,429
Assigned	2,473		2,473
Unassigned (Deficit)	1,937,264		1,937,264
<i>Fund Cash Balances, December 31</i>	<u>\$1,939,737</u>	<u>\$514,646</u>	<u>\$2,454,383</u>

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

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Fayette County General Health District, Fayette County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include public health preparedness, communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

As required by the Ohio Revised Code, the Fayette County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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

Help Me Grow Fund - This fund receives federal and state funds for families that have delays and disabilities from birth to three years old.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2014 and 2013 budgetary activity appears in Note 2.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Budgetary Activity

Budgetary activity for the years ending December 31st follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,268,569	\$1,452,092	\$183,523
Special Revenue	960,082	1,077,980	117,898
Total	\$2,228,651	\$2,530,072	\$301,421

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

2. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,243,000	\$1,399,559	(\$156,559)
Special Revenue	831,920	1,073,984	(242,064)
Total	\$2,074,920	\$2,473,543	(\$398,623)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,325,069	\$1,407,070	\$82,001
Special Revenue	838,040	838,040	0
Total	\$2,163,109	\$2,245,110	\$82,001

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,230,500	\$1,281,543	(\$51,043)
Special Revenue	718,573	871,361	(152,788)
Total	\$1,949,073	\$2,152,904	(\$203,831)

3. Intergovernmental Funding

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

The County Commissioner serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$895,399 in 2014 and \$ 890,131 in 2013. The financial statements present these amounts as property tax receipts.

4. Retirement Systems

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, 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, 2014.

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

5. Risk Management

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014

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

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

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

5. Risk Management (Continued)

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

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
8,843	12,614

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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

Fayette County General Health District
Fayette County
317 South Fayette Street
Washington Court House, Ohio 43160

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Fayette County General Health District, Fayette County, (the District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-002.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2015

**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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

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

FINDING NUMBER 2014-001

Material Weakness

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

The District lacked controls to ensure that transactions were posted accurately. We identified the following posting errors:

2014					
Transaction as Posted (incorrectly)			Correct Posting		
Fund	Account	Amount	Fund	Account	Amount
Pool Fund	Charges for services	\$1,410	Pool Fund	Fines, Licensing, and Permits	\$1,410
Family Planning Fund	Miscellaneous	\$13,010	Family Planning Fund	Charges for Services	\$13,010
Healthcheck Fund	Miscellaneous	\$43,578	Healthcheck Fund	Charges for Services	\$43,578
United Way Fund	Miscellaneous	\$10,803	United Way Fund	Intergovernmental	\$10,803
CLHCC Fund	Miscellaneous	\$10,000	CLHCC Fund	Intergovernmental	\$10,000
General Fund	Tax	\$167,294	General Fund	Intergovernmental	\$167,294
General Fund	Distribution Expense	\$25,551	General Fund	Taxes	\$25,551
General Fund	Unassigned	\$2,306	General Fund	Assigned	\$2,306

2013					
Transaction as Posted (incorrectly)			Correct Posting		
Fund	Account	Amount	Fund	Account	Amount
Pool Fund	Charges for Services	\$1,490	Pool Fund	Fines, Licensing, and Permits	\$1,490
Family Planning Fund	Miscellaneous	\$15,175	Family Planning Fund	Charges for Services	\$15,175
Healthcheck Fund	Miscellaneous	\$40,395	Healthcheck Fund	Charges for Services	\$40,395
General Fund	Unassigned	\$2,473	General Fund	Assigned	\$2,473

These errors were caused by lack of monitoring of the posting of transactions. Audit adjustments and reclassifications were posted to the District's financial statements and accounting system, where appropriate, to correct these errors.

Failure to post and report transactions accurately could result in material errors in the District's financial statements and reduces the ability of the Board to monitor financial activity and to make sound decisions which affect the overall, available cash position of the District.

**FINDING NUMBER 2014-001
 (Continued)**

We recommend that officials review the chart of accounts to assure that items are being posted to the proper account codes and funds.

Officials' Response:

The Board recognizes the lack in controls to ensure proper posting of transactions. The Fiscal Officer will meet with the Fayette County Auditor's Office bookkeeping department to discuss the reclassification of the funds and these funds will be reclassified going forward with the appropriate account coding as suggested by your office.

FINDING NUMBER 2014-002

MATERIAL NONCOMPLIANCE

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. Because the District did not appropriate expenditures correctly, the following funds had expenditures which exceeded appropriations:

Year	Fund	Appropriations	Expenditures + Outstanding Encumbrances	Variance
2014	General Fund	\$1,245,473	\$1,399,536	(\$ 154,063)
	Public Health Emergency Preparedness Fund	68,068	101,855	(33,787)
	United Way Fund	10,500	13,074	(2,574)
	WIC Fund	185,102	227,291	(42,189)
	Help Me Grow Fund	117,229	164,489	(47,260)
	Core Donation Fund	1,900	3,078	(1,178)
	Home Visit Fund	100,000	202,699	(102,699)
	CLHCC Fund	10,000	19,319	(9,319)
	MIECHV Fund	110,137	158,017	(47,880)
2013	General Fund	1,230,500	1,281,543	(51,043)
	United Way Fund	20,000	21,058	(1,058)
	Healthcheck Fund	65,000	80,199	(15,199)
	Landfill License Fund	10,000	10,698	(698)
	Water Fund	20,000	20,772	(772)
	WIC Fund	178,667	233,638	(54,971)
	Home Visit Program Fund	80,000	113,081	(33,081)
	Public Health Emergency Preparedness Fund	44,800	52,681	(7,881)
	CLHCC Fund	0	679	(679)
	MIECHV Fund	0	96,652	(96,652)
	Campground Fund	0	260	(260)
	MRC-13 Fund	0	3,222	(3,222)

**FINDING NUMBER 2014-002
(Continued)**

Failure to monitor budgetary expenditures and available appropriations can result in overspending funds and negative cash balances. The Board should monitor the budgetary receipts and expenditures by having the Fiscal Officer provide budgetary reports for their review. By regularly monitoring the budgetary position of the District throughout the year, the Board will be better able to determine when amendments are needed.

Officials' Response:

The Board recognizes that expenditures were not appropriated correctly for the funds listed in finding 2014-002. Going forward, the Fiscal Officer will work to ensure that expenses do not exceed the amounts appropriated for each of the funds listed. The Fiscal Officer will prepare quarterly information for the Board to review to ensure that expenditures do not exceed appropriations.

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**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 and 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Noncompliance and Material Weakness for Rollback and Homestead Receipts, Tangible Personal Property, and Public Utility Reimbursement	No	Not Corrected – Reissued as Finding Number 2014-001
2012-002	Properly Encumbering	No	Partially corrected – Reissued in the management Letter

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Dave Yost • Auditor of State

FAYETTE GENERAL HEALTH DISTRICT

FAYETTE 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
NOVEMBER 17, 2015**