

TUSCARAWAS COUNTY HEALTH DEPARTMENT

TUSCARAWAS COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2014





Dave Yost • Auditor of State

Board of Health
Tuscarawas County Health Department
897 East Iron Avenue
Dover, Ohio 44622

We have reviewed the *Independent Auditor's Report* of the Tuscarawas County Health Department, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 21, 2015

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TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO
Audit Report
For the year ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

Tuscarawas County Health Department
Tuscarawas County
897 East Iron Avenue
Dover, Ohio 44622

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Tuscarawas County Health Department, Tuscarawas County (the Department) as of and for the year ended December 31, 2014.

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 Department'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 Department'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 opinion.

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

As described in Note 1 of the financial statements, the Department 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 Department 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 Department as of December 31, 2014, or changes in financial position thereof for the year 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 the Tuscarawas County Health Department, Tuscarawas County as of December 31, 2014, and its combined cash receipts and disbursements for the year 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 Matters

Our audit was conducted to opine on the financial statements taken as a whole. The Schedule of Federal Awards Expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 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 June 17, 2015, on our consideration of the Department'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 Department's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 17, 2015

**TUSCARAWAS COUNTY HEALTH DISTRICT
TUSCARAWAS COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2014**

| | Governmental Fund Types | | | Total - (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|---------------------------------|
| | General | Special Revenue | Capital Projects | |
| Cash Receipts: | | | | |
| Taxes | \$ 1,078,540 | - | - | \$ 1,078,540 |
| Charges for Services | 543,809 | \$ 789,078 | - | 1,332,887 |
| Subdivisions | 25,000 | - | \$ 25,000 | 50,000 |
| Fines, License, and Permits | - | 264,774 | - | 264,774 |
| Grants | 33,000 | 686,125 | - | 719,125 |
| Intergovernmental | 255,691 | - | - | 255,691 |
| Miscellaneous | 12,743 | 12,420 | - | 25,163 |
| Total Cash Receipts | 1,948,783 | 1,752,397 | 25,000 | 3,726,180 |
| Cash Disbursements: | | | | |
| Salaries | 850,308 | 1,106,903 | - | 1,957,211 |
| Fringe Benefits | 313,697 | 390,869 | - | 704,566 |
| Supplies | 142,117 | 67,807 | - | 209,924 |
| Remittance to State | 69,663 | 140,591 | - | 210,254 |
| Equipment | 17,963 | 36,793 | - | 54,756 |
| Contracts - Services | 397,145 | 232,848 | - | 629,993 |
| Travel | 13,575 | 15,466 | - | 29,041 |
| Other | 43,109 | 11,975 | - | 55,084 |
| Capital Outlay | - | - | 1,487 | 1,487 |
| Total Cash Disbursements | 1,847,577 | 2,003,252 | 1,487 | 3,852,316 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 101,206 | (250,855) | 23,513 | (126,136) |
| Other Financing Sources/(Uses): | | | | |
| Transfers-In | - | 116,425 | - | 116,425 |
| Transfers-Out | (115,000) | (1,425) | - | (116,425) |
| Advances-In | - | 18,000 | - | 18,000 |
| Advances-Out | (18,000) | - | - | (18,000) |
| Total Other Financing Sources/(Uses) | (133,000) | 133,000 | - | - |
| Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements and Other Financing Uses | (31,794) | (117,855) | 23,513 | (126,136) |
| Fund Balance, January 1, 2014 | 3,765,173 | 963,199 | 19,469 | 4,747,841 |
| Fund Cash Balance December 31, 2014 | | | | |
| Restricted | - | 845,344 | - | 845,344 |
| Committed | - | - | 42,982 | 42,982 |
| Assigned | 187,500 | - | - | 187,500 |
| Unassigned | 3,545,879 | - | - | 3,545,879 |
| Fund Balance, December 31, 2014 | \$ 3,733,379 | \$ 845,344 | \$ 42,982 | \$ 4,621,705 |

See accompanying Notes to the Financial Statements.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2014**

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 Tuscarawas County Health Department, Tuscarawas County, (the Department) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the Department. The Department's services include communicable disease investigations, immunization clinics, inspections, tuberculosis screenings, public health nursing services and issues health-related licenses and permits.

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

B. BASIS OF ACCOUNTING

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. CASH

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

D. FUND ACCOUNTING

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

1. General Fund

The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

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 Department had the following significant Special Revenue Funds:

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

Alcohol Fund - This fund is used to account for the purchase of service funds and Medicaid match to contract with the Alcohol, Drug Addiction, and Mental Health Services Board (ADAMHS) for an alcohol and other drug prevention and outpatient treatment program.

3. Capital Projects Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Permanent Improvement Fund is the Department's only capital project fund.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted 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 Department's Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS – (continued)

3. Encumbrances

The Ohio Revised Code requires the Department to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year- end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2014 budgetary activity appears in Note 2.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

H. FUND BALANCE

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

1. Nonspendable

The Department 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.

3. Committed

Board members can commit amounts via formal action (resolution). The Department must adhere to these commitments unless the Board members 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.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. FUND BALANCE - (Continued)

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 Board members or a Department 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 Department 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.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2014 is as follows:

| 2014 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|---------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,841,419 | \$ 1,948,783 | \$ 107,364 |
| Special Revenue | 1,927,802 | 1,868,822 | (58,980) |
| Capital Projects | 25,000 | 25,000 | 0 |
| Total | \$ 3,794,221 | \$ 3,842,605 | \$ 48,384 |

| 2014 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--|----------------------------|----------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
| General | \$ 2,718,930 | \$ 2,150,077 | \$ 568,853 |
| Special Revenue | 2,437,188 | 2,093,807 | 343,381 |
| Capital Projects | 25,000 | 1,487 | 23,513 |
| Total | \$ 5,181,118 | \$ 4,245,371 | \$ 935,747 |

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2014**

3. SUBDIVISION RECEIPTS

The County apportions the excess of the Department'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 Department. These amounts are reported as subdivision receipts in the financial statements.

4. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the areas served by the Department. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Tuscarawas County Auditor at 35% of appraised market value. All property is required to be revalued every six year. The last revaluation for the Department was completed in 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2014 represent the collection of 2013 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2014 were levied April 1, 2013 on the values listed as of December 31, 2012. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Tuscarawas County Treasurer collects property taxes on behalf of the Department. The Tuscarawas County Auditor remits the collected taxes to the Department. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

5. RETIREMENT SYSTEM

The Department's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2014, OPERS members contributed 10% of their wages. The District contributed an amount equal to 14% of participants' gross salaries in the year. The Department has paid all contributions required through December 31, 2014.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2014**

6. RISK POOL MEMBERSHIP

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

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

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

Casualty and Property Coverage

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

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

Financial Position

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

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

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Department's share of these unpaid claims collectible in future years is approximately \$17,000.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2014**

6. RISK POOL MEMBERSHIP – (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> |
| \$25,746 | \$25,408 |

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.

7. INSURANCE PURCHASING POOL

The Department participates in a group rating plan for Workers' Compensation through Tuscarawas County as established under Ohio Rev. Code Section 4123.29.

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Department 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.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| Federal Grantor, Pass Through Grantor/ Program Title | Federal CFDA Number | Grant Number | Expenditures |
|--|---------------------------|----------------------------|-------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| <i>(Passed through Ohio Department of Health)</i> | | | |
| Special Supplemental Nutrition Program for Women, Infants and Children (WIC) | 10.557 | 07910011WA0714 | \$295,227 |
| | 10.557 | 07910011WA0815 | <u>103,357</u> |
| Total U.S. Department of Agriculture | | | 398,584 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| <i>(Passed through Ohio Department of Health)</i> | | | |
| Public Health Emergency Preparedness | 93.069 | 07910012PH0514 | 69,951 |
| | 93.069 | 07910012PH0615 | <u>54,573</u> |
| Total Public Health Emergency Preparedness | | | 124,524 |
| Maternal and Child Health Services Block Grant to the States (CFHS) | 93.994 | 07910011MC0714 | 24,191 |
| | 93.994 | 07910011MC0915 | <u>25,559</u> |
| Total Maternal and Child Health Services Block Grant (CFHS) | | | 49,750 |
| Reproductive Health & Wellness | 93.217 | 07910011RH0314 | 58,710 |
| | 93.217 | 07910011RH0415 | <u>158,326</u> |
| Total Reproductive Health & Wellness | | | 217,036 |
| Immunization | 93.268 | 07910012IM0514 | <u>31,693</u> |
| Total U.S. Department of Health and Human Services | | | 423,003 |
| <u>U.S. Department of Transportation</u> | | | |
| <i>(Passed through the Ohio Department of Transportation)</i> | | | |
| State and Community Highway Safety | 20.600 | GG-2014-SA-00-00-00317-00 | <u>48,021</u> |
| Total U.S. Department of Transportation | | | <u>48,021</u> |
| | | <u>Grand Total:</u> | <u>\$869,608</u> |

The Notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

TUSCARAWAS COUNTY HEALTH DEPARTMENT
Tuscarawas County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2014

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the Department's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Accounting Method for Expenditures

Federal funds were commingled with the local funds for the Maternal and Child Health Services Block Grant and the Reproductive Health and Wellness Grant. It is assumed federal monies are expended first. Non-federal matching funds are not included on this schedule.

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

Tuscarawas County Health Department
Tuscarawas County
897 East Iron Avenue
Dover, Ohio 44622

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Tuscarawas County Health Department, Tuscarawas County, (the Department) as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated June 17, 2015, wherein we noted the Department 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 Department's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Department's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Department'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 the Department's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

June 17, 2015

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Tuscarawas County Health Department
Tuscarawas County
897 East Iron Avenue
Dover, Ohio 44622

To the Board of Health:

Report on Compliance for the Major Federal Program

We have audited the Tuscarawas County Health Department's (the Department) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Tuscarawas County Health Department's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Department's major federal program.

Management's Responsibility

The Department's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Department's compliance for the Department's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 the Department'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 the Department's major program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on the Major Federal Program

In our opinion, the Tuscarawas County Health Department complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

The Department'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 the Department'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 OMB Circular A-133, 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 the Department'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 compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



CHARLES E. HARRIS & ASSOCIATES, INC.

June 17, 2015

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**Tuscarawas County Health Department
Tuscarawas County
December 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------|--|---|
| (d)(1)(i) | <i>Type of Financial Statement Opinion</i> | Adverse on GAAP Unmodified on AOS regulatory basis |
| (d)(1)(ii) | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(ii) | <i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(iii) | <i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i> | No |
| (d)(1)(iv) | <i>Were there any material internal control weaknesses reported for major federal programs?</i> | No |
| (d)(1)(iv) | <i>Were there any significant deficiencies reported for major federal programs?</i> | No |
| (d)(1)(v) | <i>Type of Major Programs' Compliance Opinion</i> | Unmodified |
| (d)(1)(vi) | <i>Are there any reportable findings under Section .510</i> | No |
| (d)(1)(vii) | <i>Major Programs:</i> | Special Supplemental Nutrition Program for Women, Infants and Children - CFDA #10.557 |
| (d)(1)(viii) | <i>Dollar Threshold: Type A\B Programs</i> | Type A: > \$300,000 Type B: all others |
| (d)(1)(ix) | <i>Low Risk Auditee?</i> | Yes |

SCHEDULE OF FINDINGS - (continued)
OMB CIRCULAR A-133 SECTION .505

Tuscarawas County Health Department
Tuscarawas County
December 31, 2014

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

TUSCARAWAS COUNTY HEALTH DEPARTMENT
Tuscarawas County
Schedule of Prior Audit Findings
December 31, 2014

The prior report, for the year ending December 31, 2013, reported no material citations or recommendations.

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Dave Yost • Auditor of State

TUSCARAWAS COUNTY HEALTH DEPARTMENT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 4, 2015**