



Dave Yost • Auditor of State

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

District Board of Health
Defiance County
1300 East Second Street, Suite 100
Defiance, Ohio 43512-2484

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the District Board of Health, Defiance County, Ohio (the District) as of and for the years ended December 31, 2015 and 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 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, 2015 and 2014, 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 the District Board of Health, Defiance County, Ohio as of December 31, 2015 and 2014, 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 June 30, 2016, 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

June 30, 2016

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$688,079		\$688,079
Charges for Services	167,335		167,335
Fines, Licenses and Permits		\$120,242	120,242
Intergovernmental	159,004	312,805	471,809
Miscellaneous	7,248	250	7,498
<i>Total Cash Receipts</i>	<u>1,021,666</u>	<u>433,297</u>	<u>1,454,963</u>
Cash Disbursements			
Current:			
Health:			
Salaries	482,623	276,901	759,524
Supplies	22,787	18,761	41,548
Equipment/Repairs	3,854		3,854
Contract Services	53,076	61,945	115,021
Telephone	4,973	2,971	7,944
Travel	7,909	10,599	18,508
Rent	58,813	34,458	93,271
FICA	201		201
Insurance	121,103	64,406	185,509
Public Employees Retirement	67,761	39,254	107,015
Remittances to State	52,788	12,821	65,609
Settlement Deductions	14,812		14,812
Other	8,009	11,890	19,899
<i>Total Cash Disbursements</i>	<u>898,709</u>	<u>534,006</u>	<u>1,432,715</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>122,957</u>	<u>(100,709)</u>	<u>22,248</u>
Other Financing Receipts (Disbursements)			
Transfers In	48,934	51,000	99,934
Transfers Out	(64,000)	(35,934)	(99,934)
Advances In	16,500	21,000	37,500
Advances Out	(21,000)	(16,500)	(37,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(19,566)</u>	<u>19,566</u>	<u></u>
<i>Net Change in Fund Cash Balances</i>	103,391	(81,143)	22,248
<i>Fund Cash Balances, January 1</i>	<u>953,434</u>	<u>147,223</u>	<u>1,100,657</u>
Fund Cash Balances, December 31			
Restricted		66,080	66,080
Committed	25,929		25,929
Assigned	180,720		180,720
Unassigned	850,176		850,176
<i>Fund Cash Balances, December 31</i>	<u>\$1,056,825</u>	<u>\$66,080</u>	<u>\$1,122,905</u>

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

**DISTRICT BOARD OF HEALTH
DEFIANCE 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	\$652,981		\$652,981
Charges for Services	161,306		161,306
Fines, Licenses and Permits		\$100,549	100,549
Intergovernmental	224,588	314,394	538,982
Miscellaneous	27,682	56,445	84,127
<i>Total Cash Receipts</i>	<u>1,066,557</u>	<u>471,388</u>	<u>1,537,945</u>
Cash Disbursements			
Current:			
Health:			
Salaries	544,614	287,704	832,318
Supplies	34,484	20,405	54,889
Equipment/Repairs	8,269	7,574	15,843
Contract Services	52,610	40,879	93,489
Telephone	6,365	3,206	9,571
Travel	10,082	8,950	19,032
Advertising	1,774		1,774
Rent	58,450	34,821	93,271
FICA	174		174
Insurance	100,306	60,148	160,454
Public Employees Retirement	73,243	38,934	112,177
Remittances to State	50,025	12,701	62,726
Settlement Deductions	19,234	8,652	27,886
Other	71,842		71,842
<i>Total Cash Disbursements</i>	<u>1,031,472</u>	<u>523,974</u>	<u>1,555,446</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>35,085</u>	<u>(52,586)</u>	<u>(17,501)</u>
Other Financing Receipts (Disbursements)			
Transfers In	6,000	74,801	80,801
Transfers Out	(80,801)		(80,801)
Advances In	16,500	46,000	62,500
Advances Out	(46,000)	(16,500)	(62,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(104,301)</u>	<u>104,301</u>	
<i>Net Change in Fund Cash Balances</i>	<u>(69,216)</u>	<u>51,715</u>	<u>(17,501)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,022,651</u>	<u>95,507</u>	<u>1,118,158</u>
Fund Cash Balances, December 31			
Restricted		147,223	147,223
Committed	12,929		12,929
Assigned	84,056		84,056
Unassigned	856,449		856,449
<i>Fund Cash Balances, December 31</i>	<u>\$953,434</u>	<u>\$147,223</u>	<u>\$1,100,657</u>

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

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 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 District Board of Health, Defiance County, Ohio (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include recording of vital statistics, investigations of food service facilities, water wells, sewers, campgrounds, swimming pools, immunization clinics, inspections, and they act upon various complaints made to the District Board of Health concerning the health and welfare of the County.

The District participates in the Public Entities Pool of Ohio, a public entity risk pool. Note 5 to the basic financial statements provides additional information for this entity.

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 District 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 Defiance 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 Fund:

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 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.

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.

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,025,944	\$1,087,100	\$61,156
Special Revenue	490,985	505,297	14,312
Total	\$1,516,929	\$1,592,397	\$75,468

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,106,894	\$983,709	\$123,185
Special Revenue	609,780	586,440	23,340
Total	\$1,716,674	\$1,570,149	\$146,525

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,080,810	\$1,089,057	\$8,247
Special Revenue	585,829	592,189	6,360
Total	\$1,666,639	\$1,681,246	\$14,607

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,482,956	\$1,158,273	\$324,683
Special Revenue	626,011	540,474	85,537
Total	\$2,108,967	\$1,698,747	\$410,220

3. PROPERTY TAX

The County Commissioners 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 \$688,079 in 2015 and \$652,981 in 2014. The financial statements present these amounts as property taxes.

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

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.

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. RISK MANAGEMENT (Continued)

Risk Pool Membership

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. 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.

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, 2015, 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 auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$4,000.

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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>2014</u>	<u>2015</u>
\$6,318	\$6,152

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.

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. Fund Balances

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

Fund Balances	Governmental Fund Types		Total
	General	Special Revenue	
<i>For the year ended December 31, 2015:</i>			
Restricted for			
Health Programs		\$31,273	\$31,273
Environmental Programs		23,868	23,868
Emergency Preparedness Programs		10,939	10,939
<i>Total Restricted</i>		<u>66,080</u>	<u>66,080</u>
Committed to			
Retirement Payments	\$25,929		25,929
Assigned to			
Subsequent Year Appropriations	180,720		180,720
Unassigned	850,176		850,176
<i>Total Fund Balances</i>	<u>\$1,056,825</u>	<u>\$66,080</u>	<u>\$1,122,905</u>

Fund Balances	Governmental Fund Types		Total
	General	Special Revenue	
<i>For the year ended December 31, 2014:</i>			
Restricted for			
Health Programs		\$121,645	\$121,645
Environmental Programs		20,953	20,953
Emergency Preparedness Programs		4,625	4,625
<i>Total Restricted</i>		<u>147,223</u>	<u>147,223</u>
Committed to			
Retirement Payments	\$12,929		12,929
Assigned to			
Subsequent Year Appropriations	84,056		84,056
Unassigned	856,449		856,449
<i>Total Fund Balances</i>	<u>\$953,434</u>	<u>\$147,223</u>	<u>\$1,100,657</u>

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. 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.

8. INTERFUND TRANSACTIONS

A. Advances-in/advances-out consisted of the following at December 31, 2015 and 2014 as reported on the financial statements:

	<u>Amount</u>
<i>For the Year Ended December 31, 2015:</i>	
<u>Advances from the General Fund to:</u>	
Women, Infants, and Children (WIC) Fund	\$15,000
Public Health Emergency Preparedness (PHEP) Fund	6,000
	<u>\$21,000</u>
 <u>Advances to the General Fund from:</u>	
Child and Family Health Services (CFHS) Fund	\$16,500
Total Advances	\$37,500

	<u>Amount</u>
<i>For the Year Ended December 31, 2014:</i>	
<u>Advances from the General Fund to:</u>	
Women, Infants, and Children (WIC) Fund	\$14,000
Child and Family Health Services (CFHS) Fund	20,000
Public Health Emergency Preparedness (PHEP) Fund	12,000
	<u>\$46,000</u>
 <u>Advances to the General Fund from:</u>	
Women, Infants, and Children (WIC) Fund	\$16,500
Total Advances	\$62,500

The advances from the Child and Family Health Services Fund in 2015 and the Women, Infants, and Children Fund in 2014 were made in order to repay advances outstanding in the previous year. Current year advances were from the General Fund to various funds to subsidize operations during the year. Advances made and repaid the same year between governmental funds are eliminated on the financial statements.

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. INTERFUND TRANSACTIONS

B. Transfers-in/transfers-out consisted of the following at December 31, 2015 and 2014 and as reported on the financial statements:

	<u>Amount</u>
<i>For the Year Ended December 31, 2015:</i>	
<u>Transfers from the General Fund to:</u>	
Health Termination Fund (reported within the General Fund)	\$13,000
Private Water Fund	20,000
Swimming Pools Fund	1,000
Sewage Systems Fund	30,000
	<u>\$64,000</u>
 <u>Transfers to the General Fund from:</u>	
Home Visiting Program Fund	\$35,934
	<u>\$35,934</u>
Total Transfers	<u>\$99,934</u>

	<u>Amount</u>
<i>For the Year Ended December 31, 2014:</i>	
<u>Transfers from the General Fund to:</u>	
Health Termination Fund (reported within the General Fund)	\$6,000
Medical Reserve Corps (MRC) Fund	1,146
Food Service Fund	10,000
Trailer Parks Fund	1,250
Private Water Fund	30,000
Public Health Emergency Preparedness (PHEP) Fund	2,405
Sewage Systems Fund	30,000
	<u>\$80,801</u>
Total Transfers	<u>\$80,801</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

9. MISCELLANEOUS REVENUE

Miscellaneous revenues in the Special Revenue Funds in 2014 primarily consisted of contributions from various county agencies and businesses for their share for the 2015 County Health Assessment performed by the Hospital Council of Northwest Ohio. As required by State law, every county is required to have a county health assessment conducted every three years; the last assessment was done in 2012. The data is collected from surveys conducted by the Hospital Council. The District receives payment from the agencies/businesses participating in the 2015 County Health Assessments, which are ProMedica/Defiance Regional Medical Center, Mercy Hospital, Hicksville Community Hospital, City of Defiance, Defiance County, Four County ADAHMs Board, and the United Way. These payments were received in fiscal year 2014 to pay the Hospital Council of Northwest Ohio for the 2015 assessment.

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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

District Board of Health
Defiance County
1300 East Second Street, Suite 100
Defiance, Ohio 43512-2484

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the District Board of Health, Defiance County, Ohio (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 30, 2016, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

June 30, 2016

**DISTRICT BOARD OF HEALTH
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Material Weakness

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned as outlined in Auditor of State Bulletin 2011-004.

The District lacked a policy regarding financial review which contributed to a material posting discrepancy, occurring without detection. Although the District implemented GASB No. 54, the Fiscal Manager did not classify appropriations in excess of estimated receipts as assigned fund balance for fiscal year 2015 and 2014 in the amount of \$180,720 and \$84,056 respectively. The financial statements have been adjusted to correct these errors.

In order to ensure the District's governmental fund balances are reported in accordance with GASB No. 54, we recommend the District review Auditor of State Bulletin 2011-014 and the Board monitor the financial statements for inclusion of the GASB 54 disclosures.

Officials' Response:

District management officials will work to more closely monitor the financial statements for inclusion of appropriate GASB 54 disclosures in the future.

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Dave Yost • Auditor of State

DEFIANCE DISTRICT BOARD OF HEALTH

DEFIANCE 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
JULY 21, 2016**