

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the District Board of Health, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 26, 2016

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DISTRICT BOARD OF HEALTH
MONROE COUNTY
AUDIT REPORT
For Years Ending December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the District Board of Health, Monroe County, (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, Monroe County 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 28, 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.



Charles E. Harris & Associates, Inc.

June 28, 2016

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

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

	General	Special Revenue	Total
Cash Receipts:			
Intergovernmental:			
Apportioned	\$ 153,416	\$ -	\$ 153,416
Grants	2,749	215,211	217,960
Fees, Licenses and Permits	23,561	46,797	70,358
Charges for Services	12,772	-	12,772
Other	630	1,390	2,020
	<u>193,128</u>	<u>263,398</u>	<u>456,526</u>
<i>Total Cash Receipts</i>			
Cash Disbursements:			
Current:			
Salaries	114,942	179,797	294,739
Fringe Benefits			
Employee Health Insurance	8,853	34,148	43,001
Ohio Public Employees Retirement	15,539	25,168	40,707
Workers Compensation	1,611	2,588	4,199
Medicare	1,613	2,453	4,066
FICA	231	-	231
Supplies	5,343	672	6,015
Contract Services	15,500	6,249	21,749
Travel	1,473	6,967	8,440
Remittances to State	-	4,703	4,703
Other	23,479	21,096	44,575
	<u>188,584</u>	<u>283,841</u>	<u>472,425</u>
<i>Total Cash Disbursements</i>			
<i>Excess Receipts Over (Under) Disbursements</i>	4,544	(20,443)	(15,899)
<i>Other Financing Receipts/(Disbursements):</i>			
Transfers in	-	6,000	6,000
Transfers out	(6,000)	-	(6,000)
Advances in	30,434	27,834	58,268
Advances out	(27,834)	(30,434)	(58,268)
Total other financing receipts/(disbursements)	<u>(3,400)</u>	<u>3,400</u>	<u>-</u>
Net Change in Fund Cash Balance	1,144	(17,043)	(15,899)
<i>Fund Cash Balances, January 1</i>	<u>7,111</u>	<u>95,311</u>	<u>102,422</u>
Fund Cash Balances, December 31			
Restricted	-	78,268	78,268
Assigned	8,225	-	8,225
Unassigned	30	-	30
	<u>8,255</u>	<u>78,268</u>	<u>86,523</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 8,255</u>	<u>\$ 78,268</u>	<u>\$ 86,523</u>

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

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

	General	Special Revenue	Total
Cash Receipts:			
Intergovernmental:			
Apportioned	\$ 151,388	\$ -	\$ 151,388
Grants	2,759	218,573	221,332
Fees, Licenses and Permits	24,649	59,433	84,082
Other	20,739	12,259	32,998
<i>Total Cash Receipts</i>	199,535	290,265	489,800
Cash Disbursements:			
Current:			
Salaries	112,338	179,126	291,464
Fringe Benefits			
Employee Health Insurance	14,824	41,050	55,874
Ohio Public Employees Retirement	15,024	25,135	40,159
Workers Compensation	1,480	2,702	4,182
Medicare	1,562	2,438	4,000
FICA	297	-	297
Supplies	10,433	1,276	11,709
Contract Services	13,500	7,330	20,830
Travel	1,354	7,256	8,610
Remittances to State	-	5,790	5,790
Other	22,793	33,568	56,361
<i>Total Cash Disbursements</i>	193,605	305,671	499,276
<i>Excess Receipts Over (Under) Disbursements</i>	5,930	(15,406)	(9,476)
<i>Other Financing Receipts/(Disbursements):</i>			
Transfers in	-	4,500	4,500
Transfers out	(4,500)	-	(4,500)
Advances in	49,396	51,996	101,392
Advances out	(51,996)	(49,396)	(101,392)
Total other financing receipts/(disbursements)	(7,100)	7,100	-
Net Change in Fund Cash Balance	(1,170)	(8,306)	(9,476)
<i>Fund Cash Balances, January 1</i>	8,281	103,617	111,898
Fund Cash Balances, December 31			
Restricted	-	95,311	95,311
Assigned	7,110	-	7,110
Unassigned	1	-	1
<i>Fund Cash Balances, December 31</i>	\$ 7,111	\$ 95,311	\$ 102,422

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
Notes to the Financial Statements
For the Years Ended 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, Monroe County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the Health District. These members are appointed by the Health District Advisory Council which is made up of the chairman of each Township within Monroe County, the mayor of each Village within Monroe County, and the chairman of the Monroe County Commissioners. The Health District's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, inspections, public health nursing services, and issues health-related licenses and permits.

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

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 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

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

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.

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

General Fund: The general fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds: These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditures for specific purposes. The District had the following significant Special Revenue Funds:

- Tobacco Prevention - This fund receives Federal Grant money to provide education to students and adults about health hazards from using tobacco products.
- Women, Infants and Children (WIC) Fund - This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program.
- Public Health Infrastructure Grant Fund - This is a federal grant fund used to assure the District is prepared for any public health emergencies, both natural and man-made.
- Ebola and Other Special Pathogens - This funds receives Federal grant money to address preparedness for an event of an infectious outbreak.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary disbursements (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 Board of Health must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS

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 4.

F. FUND BALANCES

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted

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

Committed

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCES

Assigned

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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.

2. CASH AND INVESTMENTS

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the county's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. The District's carrying amount of cash on deposit with the County at December 31, 2015, was \$86,523 and at December 31, 2014, was \$102,422. The Monroe County Treasurer's Office is located at 101 N. Main Street, Woodsfield, Ohio 45769.

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over 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 subdivision revenue.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

<u>Fund:</u>	<u>2015 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 229,221	\$ 223,562	\$ (5,659)
Special Revenue Funds	351,740	297,232	(54,508)

<u>Fund:</u>	<u>2015 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 249,586	\$ 222,418	\$ 27,168
Special Revenue Funds	354,892	314,275	40,617

<u>Fund:</u>	<u>2014 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 215,998	\$ 248,931	\$ 32,933
Special Revenue Funds	345,136	346,761	1,625

<u>Fund:</u>	<u>2014 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 275,167	\$250,101	\$ 25,066
Special Revenue Funds	389,430	355,067	34,363

**DISTRICT BOARD OF HEALTH
MONROE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014**

5. 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 plans' 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.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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

7. CONTINGENT LIABILITIES / SUBSEQUENT EVENTS

The District may be defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially affect the District's financial condition.

8. INTERFUND TRANSFERS AND ADVANCES

The general fund transferred unrestricted funds to the other governmental funds to provide additional resources for current operations. The General fund advanced unrestricted funds to the Special Revenue funds to provide funding before the receipt of grant monies.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**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
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

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 cash balances, receipts and disbursements by fund type of the Monroe County General Health District, Monroe County, (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 28, 2016, wherein we noted the District followed the 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 opinions 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 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.

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 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*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 28, 2016.

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.



Charles E. Harris & Associates, Inc.
June 28, 2016

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Dave Yost • Auditor of State

MONROE DISTRICT BOARD OF HEALTH

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 9, 2016**