



Certified Public Accountants, A.C.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Board of Health
District Board of Health
350 State Route 664 N
Logan, Ohio 43138

We have reviewed the *Independent Auditor's Report* of the District Board of Health, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 31, 2019

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**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 26, 2019

District Board of Health
Hocking County
350 State Route 664 N
Logan, Ohio 43138-1001

To the District 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**, Hocking County, (the District) as of and for the years ended December 31, 2018 and 2017.

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.

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

As described in Note 2 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, 2018 and 2017, and the respective change 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 cash balances, receipts and disbursements by fund type, and related noted of the District Board of Health, Hocking County, as of December 31, 2018 and 2017, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$ 563,837	\$ -	\$ -	\$ 563,837
Services and Fees	240,667	286,138	-	526,805
Intergovernmental	200,192	571,380	-	771,572
Reimbursement from Internal Programs	14,960	-	-	14,960
<i>Total Cash Receipts</i>	<u>1,019,656</u>	<u>857,518</u>	<u>-</u>	<u>1,877,174</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	442,883	457,403	-	900,286
Fringe Benefits	-	94,381	-	94,381
Supplies	138,424	46,301	-	184,725
Equipment	918	-	-	918
Contracts - Services and Repair	32,507	39,341	26,121	97,969
Telephone	4,330	3,012	-	7,342
Travel and Expenses	7,604	14,525	-	22,129
Public Employees Retirement	60,848	21,968	-	82,816
Workers Compensation	3,195	935	-	4,130
Medicare	6,266	2,262	-	8,528
Hospitalization	41,696	12,248	-	53,944
Remittance to State	21,735	20,688	-	42,423
Rent and Utilities	40,781	68,090	-	108,871
Other Expenses	5,011	6,998	-	12,009
Auditor and Treasurer Fees	16,995	-	-	16,995
<i>Total Cash Disbursements</i>	<u>823,193</u>	<u>788,152</u>	<u>26,121</u>	<u>1,637,466</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>196,463</u>	<u>69,366</u>	<u>(26,121)</u>	<u>239,708</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	50,000	50,000
Transfers Out	(50,000)	-	-	(50,000)
Advances In	-	25,000	-	25,000
Advances Out	(25,000)	-	-	(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(75,000)</u>	<u>25,000</u>	<u>50,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	121,463	94,366	23,879	239,708
<i>Fund Cash Balances, January 1</i>	<u>691,392</u>	<u>281,061</u>	<u>560,903</u>	<u>1,533,356</u>
Fund Cash Balances, December 31				
Restricted	-	375,427	-	375,427
Committed	351,721	-	584,782	936,503
Assigned	20,900	-	-	20,900
Unassigned	440,234	-	-	440,234
<i>Fund Cash Balances, December 31</i>	<u>\$ 812,855</u>	<u>\$ 375,427</u>	<u>\$ 584,782</u>	<u>\$ 1,773,064</u>

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

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Hocking County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include inspection and licensing of food establishments, inspections of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

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

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

Public Health Infrastructure Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program, restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Moms Quit for Two – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program, restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Public Health Emergency Response – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program, restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Tobacco Prevention – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program, restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report the 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 District had the following significant capital project funds:

Public Health Contingency Fund – This fund receives money from transfers from the General Fund to provide funds for capital improvements to the District's facilities and allow monies to be available for nuisance abatement.

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.

Budgetary Process

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

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. Appropriations lapse at year end.

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.

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 2018 budgetary activity appears in Note 3.

Capital Assets

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

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.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 - Summary of Significant Accounting Policies (Continued)

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:

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

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.

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 942,650	\$ 1,019,656	\$ 77,006
Special Revenue	842,920	857,518	14,598
Capital Projects	5,000	50,000	45,000
Total	\$ 1,790,570	\$ 1,927,174	\$ 136,604

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3 - Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,037,150	\$ 873,193	\$ 163,957
Special Revenue	883,923	788,152	95,771
Capital Projects	43,900	26,121	17,779
Total	\$ 1,964,973	\$ 1,687,466	\$ 277,507

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Hocking 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.

Note 5 - Intergovernmental Funding and Property Taxes

Intergovernmental Funding

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

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner-occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing District.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2018 consisted of \$22,000 advanced to the Public Health Infrastructure Fund, \$7,000 advanced to the Mothers Quit for Two Fund, and \$20,000 advanced to the Women, Infants, and Children (WIC) Grant Fund from the General Fund to provide working capital for operations.

Note 7 - Risk Management

The Hocking County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District is covered by these policies.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees 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. 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, 2018.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 - 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.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$ 540,681	\$ -	\$ -	\$ 540,681
Services and Fees	279,886	273,830	-	553,716
Intergovernmental	207,888	552,597	-	760,485
Reimbursement from Internal Programs	15,230	-	-	15,230
<i>Total Cash Receipts</i>	<u>1,043,685</u>	<u>826,427</u>	<u>-</u>	<u>1,870,112</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	462,576	415,338	-	877,914
Fringe Benefits	-	96,690	-	96,690
Supplies	146,333	62,121	-	208,454
Equipment	1,362	-	-	1,362
Contracts - Services and Repair	26,674	88,651	3,312	118,637
Telephone	4,486	2,543	-	7,029
Travel and Expenses	9,893	16,333	-	26,226
Public Employees Retirement	63,009	20,837	-	83,846
Workers Compensation	3,314	829	-	4,143
Medicare	6,506	2,206	-	8,712
Hospitalization	63,576	14,751	-	78,327
Remittance to State	23,043	22,501	-	45,544
Rent and Utilities	38,860	64,141	-	103,001
Other Expenses	4,403	9,386	-	13,789
Auditor and Treasurer Fees	16,969	-	-	16,969
<i>Total Cash Disbursements</i>	<u>871,004</u>	<u>816,327</u>	<u>3,312</u>	<u>1,690,643</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>172,681</u>	<u>10,100</u>	<u>(3,312)</u>	<u>179,469</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	100,000	100,000
Transfers Out	(100,000)	-	-	(100,000)
Advances In	15,000	37,000	-	52,000
Advances Out	(37,000)	(15,000)	-	(52,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(122,000)</u>	<u>22,000</u>	<u>100,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	50,681	32,100	96,688	179,469
<i>Fund Cash Balances, January 1</i>	<u>640,711</u>	<u>248,961</u>	<u>464,215</u>	<u>1,353,887</u>
Fund Cash Balances, December 31				
Restricted	-	281,061	-	281,061
Committed	300,929	-	560,903	861,832
Unassigned	390,463	-	-	390,463
<i>Fund Cash Balances, December 31</i>	<u>\$ 691,392</u>	<u>\$ 281,061</u>	<u>\$ 560,903</u>	<u>\$ 1,533,356</u>

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

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Moms Quit for Two – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program, restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Public Health Emergency Response – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program, restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Tobacco Prevention – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program, restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report the 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 District had the following significant capital project funds:

Public Health Contingency Fund – This fund receives money from transfers from the General Fund to provide funds for capital improvements to the District's facilities and allow monies to be available for nuisance abatement.

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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.

Budgetary Process

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

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. Appropriations lapse at year end.

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.

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 2017 budgetary activity appears in Note 3.

Capital Assets

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

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.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

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:

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

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.

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 890,500	\$ 1,043,685	\$ 153,185
Special Revenue	918,483	826,427	(92,056)
Capital Projects	5,000	100,000	95,000
Total	\$ 1,813,983	\$ 1,970,112	\$ 156,129

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 3 - Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,106,100	\$ 971,004	\$ 135,096
Special Revenue	985,218	816,327	168,891
Capital Projects	43,000	3,312	39,688
Total	\$ 2,134,318	\$ 1,790,643	\$ 343,675

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Hocking 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.

Note 5 - Intergovernmental Funding and Property Taxes

Intergovernmental Funding

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

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner-occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing District.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2017 consisted of \$22,000 advanced to the Public Health Infrastructure Fund and \$2,000 advanced to the Mothers Quit for Two Fund from the General Fund to provide working capital for operations.

Note 7 - Risk Management

The Hocking County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District is covered by these policies.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees 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. 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, 2017.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan was 1.0 percent during calendar year 2017.

Note 10 - 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.



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

June 26, 2019

District Board of Health
Hocking County
350 State Route 664 N
Logan, Ohio 43138-1001

To the District 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 **District Board of Health**, Hocking County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2019 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 audit findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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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*.

District's Response to Findings

The District's response to the finding identified in our report is described in the accompanying schedule of audit findings. We did not subject the District's response to the audit procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the District and is essential to ensure that the information which is provided to the readers of the financial statements is complete and accurate. Below describes the issues identified with the District's reporting for the years ended December 31, 2018 and 2017:

- A prior period audit adjustment was not made to the District's accounting system until 2017, wherein the District made revenue and expenditure entries. Because of this, the beginning fund balances in 2017 did not match the 2016 ending audit balances. The financial statements reflect this adjustment.
- The District improperly classified the Committed fund balance of the General Fund as Committed fund balance within the Capital Projects Fund during 2017. As a result, an adjustment of \$300,929 was made to increase Committed fund balance in the General Fund and reduce Committed fund balance in the Capital Projects Fund.
- The entire fund balance in the Capital Projects Fund was incorrectly classified as Assigned rather than Committed in 2018. As a result, a reclassification was made within the Capital Projects Fund to decrease the Assigned fund balance and increase the Committed fund balance.
- Transfers between funds that were combined with the General Fund were not eliminated for reporting purposes in the annual financial report during both 2017 and 2018. As a result, both Transfers In and Transfers Out decreased by \$55,000 in the General Fund during 2017 and 2018.
- Notes to the Financial Statements included unnecessary portions of the template provided by the Auditor of State in 2017 and 2018.
- Budgetary activity was not presented accurately within the Notes to the Financial Statement during 2017 and 2018.
- Outstanding Advances at year-end were not disclosed within the Notes to the Financial Statements during 2017 and 2018.

Receipts, disbursements, fund balances, and note disclosures were updated to accurately reflect the District's activity, fund balance, and note disclosures for the years ended December 31, 2018 and 2017. Additionally, we updated the District's notes to the financial statements in order to reflect the current format prescribed by the Auditor of State.

We recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts, disbursements, and fund balances are properly identified and classified on the financial statements.

GOSHEN TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

Management's Response – The Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances Financial Report (Financial Report) is completed once a year by the Health Department. This document is not a working document for the Health Department as the Health Department completes and utilizes more comprehensive reports on a monthly and yearly basis. The findings regarding restricted, committed, assigned and unassigned are concerns only in this annual financial report and not how the Health Department handles or spends funds. Therefore, the Director of Finance as well as the Health Commissioner has struggled to gain an appropriate and clear understanding on how to properly apply these classifications to the funds. In order to ensure proper classification on this report in the future, the Director of Finance will refer to the Auditor of State's Bulletin 2011-004 and consult with a representative from the Auditor of States Office. It would be helpful if there was training that we would be able to attend to learn how to properly classify the funds.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Admin. Code Section 117-2-02 (A) cited and identified as a material weakness for material misstatements requiring audit adjustment.	Partially Corrected	Repeated as Finding 2018-001

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OHIO AUDITOR OF STATE KEITH FABER



HOCKING COUNTY DISTRICT BOARD OF HEALTH

HOCKING 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 13, 2019**