



**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
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Board Members  
Wayne County General Health District  
203 S. Walnut Street  
Wooster, Ohio 44691

We have reviewed the *Independent Auditor's Report* of the Wayne County General Health District, Wayne 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 Wayne County General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

July 31, 2019

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WAYNE COUNTY GENERAL HEALTH DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

June 15, 2019

Wayne County General Health District  
Wayne County  
203 S. Walnut Street  
Wooster, Ohio 44691

To the Board of Trustees:

### ***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 **Wayne County General Health District**, Wayne 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 such 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, 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 cash balances, receipts and disbursements by fund type, and related notes of Wayne County General Health District, Wayne County, as of December 31, 2018 and 2017, and 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 15, 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



**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental	\$ 812,635	\$ 655,175	\$ 1,467,810
Licenses, Fees, and Permits	476,729	872,710	1,349,439
Miscellaneous	21,363	633	21,996
<i>Total Cash Receipts</i>	<u>1,310,727</u>	<u>1,528,518</u>	<u>2,839,245</u>
<b>Cash Disbursements</b>			
Salaries	903,069	1,025,335	1,928,404
Supplies	49,061	16,105	65,166
Remittances to State	119,869	129,501	249,370
Contracts	33,276	79,545	112,821
Leased Equipment	20,324	-	20,324
Travel	7,328	-	7,328
Utilities and Rentals	25,443	-	25,443
Other	296,878	142,160	439,038
<i>Total Cash Disbursements</i>	<u>1,455,248</u>	<u>1,392,646</u>	<u>2,847,894</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(144,521)</u>	<u>135,872</u>	<u>(8,649)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	5,122	5,122
Transfers Out	(5,122)	-	(5,122)
Advances In	37,080	-	37,080
Advances Out	-	(37,080)	(37,080)
Indirect Costs	35,639	-	35,639
Reimbursements	7,647	-	7,647
Other Financing Sources	5,444	-	5,444
<i>Total Other Financing Receipts (Disbursements)</i>	<u>80,688</u>	<u>(31,958)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(63,833)</u>	<u>103,914</u>	<u>(8,649)</u>
<i>Fund Cash Balances, January 1</i>	<u>623,752</u>	<u>516,508</u>	<u>1,140,260</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	620,422	620,422
Assigned	90,317	-	90,317
Unassigned	469,602	-	469,602
<i>Fund Cash Balances, December 31</i>	<u>\$ 559,919</u>	<u>\$ 620,422</u>	<u>\$ 1,180,341</u>

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

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE 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 Wayne County General Health District, Wayne County, Ohio, (the District) as a body corporate and politic. The District is directed by an eleven member Board appointed by the District Advisory Council which is composed of publicly elected officials from the governmental subdivisions within the District and an appointed health commissioner and executive director. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. Note 8 to the 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.

**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 government fund types organized on a fund type basis.

**Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. 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:

***Women, Infants, and Children (WIC) Fund*** - This is a Federal grant fund accounts for the Special Supplemental Nutrition Program. CFDA #10.557, WIC Administration, 0810011WA1019 (FY19), 08510011WA1118 (FY18)– Grant funds from both fiscal years were received in CY2018. These funds are received through Ohio Department of Health (ODH) which serves as the pass-through agency.

***Food Service Fund*** - This fund receives fees for food service licenses.

In addition, the District receives the following grants/special revenue funds through ODH which serves as the pass-through for grants with federal funding:

**Maternal and Child Health Program (MCH)**, CFDA #93.994, Maternal and Child Health Program, 08510011MP0218 (FY18).

**Public Health Emergency Preparedness (PHEP)**, CFDA #93.074, Public Health Emergency Preparedness, 08510012PH1019 (FY19), 08510012PH0918 (FY18)– Grant funds from both fiscal years were received in CY2018.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Immunization Action Plan (IAP)/ Get Vaccinated Ohio – Public Health Initiative, CFDA #93.539, Immunization Action Plan (FY17)/Get Vaccinated Ohio – Public Health Initiative (FY19), 08510012GV0119 (FY19), 08510012IM1017 (FY17)– Grant funds from both fiscal years were received in CY2018.

***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. Unencumbered appropriations lapse at year end.

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

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

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.

***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.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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 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.

**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 ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,332,199	\$1,396,537	\$64,338
Special Revenue	1,342,698	1,533,640	190,943
Total	\$2,674,896	\$2,930,177	\$255,281

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,955,950	\$1,550,687	\$405,263
Special Revenue	1,859,206	1,453,542	405,664
Total	\$3,815,156	\$3,004,229	\$810,927

**Note 4 - Deposits and Investments**

As required by the Ohio Revised Code, the Wayne 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.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 5 - 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.

**Note 6 - Interfund Balances**

**Advances**

Outstanding advances at December 31, 2018, consisted of \$4,000 advanced to the Public Health Infrastructure Fund and \$2,000 advanced to the Solid Waste Assistance Fund.

**Note 7 - Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

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

The District is insured against injuries to employees through the Wayne County Workers' Compensation self-insurance plan.

**Risk Pool Membership**

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u><b>2018</b></u>
Cash and Investments	\$35,381,789
Actuarial Liabilities	(12,965,015)

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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. For 2018, 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 and combined 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.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental	\$ 759,159	\$ 659,878	\$ 1,419,037
Licenses, Fees, and Permits	468,296	813,293	1,281,589
Miscellaneous	18,380	80	18,460
<i>Total Cash Receipts</i>	<u>1,245,835</u>	<u>1,473,251</u>	<u>2,719,086</u>
<b>Cash Disbursements</b>			
Salaries	808,974	1,073,337	1,882,311
Supplies	62,022	16,310	78,332
Remittances to State	112,172	152,944	265,116
Contracts	32,784	91,959	124,743
Leased Equipment	18,083	-	18,083
Travel	4,393	-	4,393
Utilities and Rentals	27,007	-	27,007
Other	207,279	122,101	329,380
<i>Total Cash Disbursements</i>	<u>1,272,714</u>	<u>1,456,651</u>	<u>2,729,365</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,879)</u>	<u>16,600</u>	<u>(10,279)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	2,404	2,404
Transfers Out	(2,404)	-	(2,404)
Advances In	-	2,000	2,000
Advances Out	(2,000)	-	(2,000)
Indirect Costs	52,319	-	52,319
Reimbursements	5,785	75	5,860
Other Financing Sources	2,957	-	2,957
<i>Total Other Financing Receipts (Disbursements)</i>	<u>56,657</u>	<u>4,479</u>	<u>61,136</u>
<i>Net Change in Fund Cash Balances</i>	29,778	21,079	50,857
<i>Fund Cash Balances, January 1</i>	<u>593,974</u>	<u>495,429</u>	<u>1,089,403</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	516,508	516,508
Assigned	170,068	-	170,068
Unassigned	453,684	-	453,684
<i>Fund Cash Balances, December 31</i>	<u>\$ 623,752</u>	<u>\$ 516,508</u>	<u>\$ 1,140,260</u>

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

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Wayne County General Health District, Wayne County, Ohio, (the District) as a body corporate and politic. The District is directed by an eleven member Board appointed by the District Advisory Council which is composed of publicly elected officials from the governmental subdivisions within the District and an appointed health commissioner and executive director. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. Note 8 to the 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.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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**Fund Accounting**

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***Food Service Fund*** - This fund receives fees for food service licenses.

In addition, the District receives the following grants/special revenue funds through ODH which serves as the pass-through for grants with federal funding:

***Maternal and Child Health Program (MCH)***, CFDA #93.994, Maternal and Child Health Program, 08510011MP0218 (FY18).

***Public Health Emergency Preparedness (PHEP)***, CFDA #93.074, Public Health Emergency Preparedness, 08510012PH0918 (FY18), 08510012PH0917 (FY17)– Grant funds from both fiscal years were received in CY2017.



**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Immunization Action Plan (IAP), CFDA #93.539, Immunization Action Plan, 08510012IM1017 (FY17), 08510012IM1016 (FY16)– Grant funds from both fiscal years were received in CY2017.

***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. Unencumbered appropriations lapse at year end.

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

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

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.

***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.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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 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.

**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 ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,269,578	\$1,306,896	\$37,318
Special Revenue	1,390,973	1,475,326	84,353
Total	\$2,660,551	\$2,782,222	\$121,671

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,863,552	\$1,447,182	\$416,370
Special Revenue	1,886,402	1,542,217	344,185
Total	\$3,749,954	\$2,989,399	\$760,555

**Note 4 - Deposits and Investments**

As required by the Ohio Revised Code, the Wayne 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.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 5 - 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.

**Note 6 - Interfund Balances**

***Advances***

Outstanding advances at December 31, 2017, consisted of \$4,000 advanced to the Public Health Infrastructure Fund, \$2,000 advanced to the Solid Waste Assistance Fund, and \$15,000 advanced to the General fund from the Child and Maternal Health Fund.

**Note 7 - Risk Management**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

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

The District is insured against injuries to employees through the Wayne County Workers' Compensation self-insurance plan.

***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, 2017, 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 auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 7 - Risk Management (Continued)**

	<u><b>2017</b></u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the District's share of these unpaid claims collectible in the future years is approximately \$22,000.

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.

<b><u>Contributions to PEP</u></b>
<u><b>2017</b></u>
\$35,239

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.

**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. For 2017, 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.

**WAYNE COUNTY GENERAL HEALTH DISTRICT  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, 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 and Combined 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 15, 2019

Wayne County General Health District  
Wayne County  
203 S. Walnut Street  
Wooster, Ohio 44691

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Wayne County General Health District**, Wayne 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 15, 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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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*.

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 15, 2019.

***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.



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



# OHIO AUDITOR OF STATE KEITH FABER



**WAYNE COUNTY GENERAL HEALTH DISTRICT**

**WAYNE 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**