



Dave Yost • Auditor of State

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Athens City-County General Health District
Athens County
278 West Union Street
Athens, Ohio 45701

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 Athens City-County General Health District, Athens County, Ohio (the District), as of and for the years ended December 31, 2016 and 2015.

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 § 117.38 and Ohio Administrative Code § 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 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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, 2016 and 2015, 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 Athens City-County General Health District, Athens County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 April 26, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 26, 2017

ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$862,842	\$0	\$0	\$862,842
Charges for Services	175,626	50,135	0	225,761
Fines, Licenses and Permits	49,625	257,886	0	307,511
Intergovernmental	282,509	665,079	0	947,588
Earnings on Investments	0	42	0	42
Miscellaneous	59,806	0	0	59,806
<i>Total Cash Receipts</i>	<u>1,430,408</u>	<u>973,142</u>	<u>0</u>	<u>2,403,550</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	546,050	451,385	0	997,435
Fringe Benefits	341,987	180,523	0	522,510
Contract Services	79,581	35,108	0	114,689
Supplies and Materials	12,215	0	0	12,215
Other Expenses	274,062	324,911	0	598,973
<i>Total Cash Disbursements</i>	<u>1,253,895</u>	<u>991,927</u>	<u>0</u>	<u>2,245,822</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>176,513</u>	<u>(18,785)</u>	<u>0</u>	<u>157,728</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	10,000	0	10,000
Transfers Out	(10,000)	0	0	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	166,513	(8,785)	0	157,728
<i>Fund Cash Balances, January 1</i>	<u>533,615</u>	<u>1,089,167</u>	<u>9,192</u>	<u>1,631,974</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	9,192	9,192
Restricted	0	1,080,382	0	1,080,382
Assigned	315,500	0	0	315,500
Unassigned	384,628	0	0	384,628
<i>Fund Cash Balances, December 31</i>	<u>\$700,128</u>	<u>\$1,080,382</u>	<u>\$9,192</u>	<u>\$1,789,702</u>

See accompanying notes to the basic financial statements.

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Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Athens City-County General Health District, Athens County, Ohio (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include 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 and 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 Fund:

Prevention in Ohio Communities Fund: This fund accounts for federal and state grant funds for the prevention of obesity, diabetes, heart disease and stroke.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The District had the following significant Permanent Fund:

Orthopedic Trust Fund: This fund is used to account for the proceeds received from the Minnie Mildred Ruston estate for the benefit of crippled children in Athens County.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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).

Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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 2016 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.

Fund Balance

Fund balance is divided into four 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.

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.

Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,301,705	\$1,430,408	\$128,703
Special Revenue	1,036,992	983,142	(53,850)
Total	\$2,338,697	\$2,413,550	\$74,853

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,803,605	\$1,263,895	\$539,710
Special Revenue	1,075,648	991,927	83,721
Total	\$2,879,253	\$2,255,822	\$623,431

Note 4 - Deposits and Investments

As required by the Ohio Revised Code, the Athens 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

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.

Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2016

Note 6 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as 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 District. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 7 - Risk Management

The Athens 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.

Note 8 - Defined Benefit Pension Plan

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, 2016.

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, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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.

ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$837,377	\$0	\$0	\$837,377
Charges for Services	134,855	46,815	0	181,670
Fines, Licenses and Permits	42,732	259,332	0	302,064
Intergovernmental	282,386	761,731	0	1,044,117
Contracts	62,698	0	0	62,698
Earnings on Investments	0	36	0	36
Miscellaneous	523,917	0	0	523,917
<i>Total Cash Receipts</i>	<u>1,883,965</u>	<u>1,067,914</u>	<u>0</u>	<u>2,951,879</u>
Cash Disbursements				
Current:				
Health:				
Salaries and Wages	615,358	443,273	0	1,058,631
Fringe Benefits	338,250	101,842	0	440,092
Contract Services	158,167	376,312	0	534,479
Supplies and Materials	60,634	0	0	60,634
Other Expenses	163,162	571,054	0	734,216
Capital Outlay	2,905	0	0	2,905
<i>Total Cash Disbursements</i>	<u>1,338,476</u>	<u>1,492,481</u>	<u>0</u>	<u>2,830,957</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>545,489</u>	<u>(424,567)</u>	<u>0</u>	<u>120,922</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	400,000	0	400,000
Transfers Out	(400,000)	0	0	(400,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(400,000)</u>	<u>400,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	145,489	(24,567)	0	120,922
<i>Fund Cash Balances, January 1</i>	<u>388,126</u>	<u>1,113,734</u>	<u>9,192</u>	<u>1,511,052</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	9,192	9,192
Restricted	0	1,089,167	0	1,089,167
Assigned	501,900	0	0	501,900
Unassigned	31,715	0	0	31,715
<i>Fund Cash Balances, December 31</i>	<u>\$533,615</u>	<u>\$1,089,167</u>	<u>\$9,192</u>	<u>\$1,631,974</u>

See accompanying notes to the basic financial statements.

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Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Athens City-County General Health District, Athens County, Ohio (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include 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 and 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.

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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:

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Prevention in Ohio Communities Fund: This fund accounts for federal and state grant funds for the prevention of obesity, diabetes, heart disease and stroke.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The District had the following significant Permanent Fund:

Orthopedic Trust Fund: This fund is used to account for the proceeds received from the Minnie Mildred Ruston estate for the benefit of crippled children in Athens County.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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).

Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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 2015 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.

Fund Balance

Fund balance is divided into four 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.

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.

Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,758,174	\$1,883,965	\$125,791
Special Revenue	1,220,332	1,467,914	247,582
Total	\$2,978,506	\$3,351,879	\$373,373

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,967,058	\$1,738,476	\$228,582
Special Revenue	1,772,511	1,492,481	280,030
Total	\$3,739,569	\$3,230,957	\$508,612

Note 4 - Deposits and Investments

As required by the Ohio Revised Code, the Athens 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

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.

Athens City-County General Health District

Athens County

Notes to the Financial Statements

For the Year Ended December 31, 2015

Note 6 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as 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 District. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 7 - Risk Management

The Athens 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.

Note 8 - Defined Benefit Pension Plan

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, 2015.

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, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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.



Dave Yost • Auditor of State

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

Athens City-County General Health District
Athens County
278 West Union Street
Athens, Ohio 45701

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 Athens City-County General Health District, Athens County, Ohio (the District), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2017, wherein we noted the District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

April 26, 2017

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Athens County Auditor's Office is the District's Fiscal Agent who prepares the District's annual financial report.

As a result of the audit procedures performed, we noted the following errors in the financial statements prepared by the Fiscal Agent that required audit adjustments or reclassification:

For the year ended December 31, 2015:

- Homestead and rollback receipts of \$103,391 were incorrectly classified as property taxes rather than as intergovernmental receipts in the General Fund.
- Various other General Fund receipts totaling \$205,180 were incorrectly classified as miscellaneous receipts and were reclassified as intergovernmental receipts (\$91,864), contract receipts (\$62,698) and charges for services (\$50,618).
- A grant-related reimbursement of \$523,917 from the Public Health Emergency Preparedness Fund should have been posted 100% to the General Fund miscellaneous receipts. The General Fund was then to transfer \$400,000 to the Healthy Ohio Communities Prevention Fund. Instead, \$123,917 was misposted as intergovernmental receipts in the General Fund and the remaining \$400,000 was posted directly to the Healthy Ohio Communities Prevention Fund. Audit adjustments were proposed to decrease General Fund intergovernmental receipts by \$123,917, to increase in miscellaneous receipts by \$523,917 and to increase in transfers out by \$400,000. The corresponding adjustment to the Healthy Ohio Communities Prevention Special Revenue Fund to reclassify the \$400,000 from intergovernmental receipts to transfers in.
- Contrary to the GASB 54 fund balance definitions listed in the Bulletin 2011-004, \$501,900 of the December 31, 2015 General Fund cash balance, which was included as part of the subsequent year's appropriations, should have been classified a assigned rather than as unassigned.

For the year ended December 31, 2016:

- Contrary to the GASB 54 fund balance definitions listed in the Bulletin 2011-004, \$404,628 of the December 31, 2015 General Fund cash balance, which was included as part of the subsequent year's appropriations, should have been classified a assigned rather than as unassigned.
- The District incorrectly included the Permanent Fund Cash Balance at January 1 as a Special Revenue Fund rather than as a Permanent Fund. Adjustments were proposed to increase in Permanent Fund cash balance at January 1, 2016 and to decrease Special Revenue Fund cash balance at January 1, 2016 by \$9,192.

Lack of due care in posting correctly and lack of oversight by the District in ensuring proper posting by the fiscal agent resulted in audit adjustments. The adjustments above, with which management agrees, are reflected in the audited financial statements.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District's management should provide the Fiscal Agent with a copy of the audit adjustments for guidance on the correct line items to post various receipts and expenditures of the District in future audit periods. Management should also review the financial statements prepared by the Fiscal Agent before the final annual financial report is filed.

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-001 (Continued)

Material Weakness – Mispostings (Continued)

Official's Response: The 2015 financial statement was completed just recently by the Athens County Auditors' office, I have not seen this report, or had a chance to submit any corrections. I will work closer with the Athens County Auditors' office staff to see that we post line items correctly in the future.

In 2015 a reimbursement to the General Fund for grant expenditures made in prior periods from the Public Health Emergency Preparedness Fund as Intergovernmental receipts in the General Fund and into Prevention in Ohio Communities Fund. The transfer into the Prevention in Ohio Communities Fund was to get Fund setup prior to getting revenue from the Ohio Department of Health. In the future, this type of transfer should be transferred as one full reimbursement to the General Fund then I can transfer out to other Funds.

The 2016 financial statement was completed and I had reviewed completed financial statement. The reported posting errors were posting to an incorrect line item. In the future, we will use the audit adjustments as a guide for posting to correct line items in the future. I will work closer with the Athens County Auditors' office staff to see that we post line items correctly in the future.

FINDING NUMBER 2016-002

Material Weakness

All local public offices are to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts.

At December 31, 2015, appropriations posted to the accounting system were less than those formally adopted and approved by Board in the Solid Waste Fund (664) by \$3,815 and in the Healthy Ohio Communities Obesity Prevention Fund (674) by \$138,236.

Because the budgetary information posted to the accounting system differed from the amounts formally approved, the Board lost some degree of control and a tool to effectively monitor its budget to actual status throughout the year.

The Administrative Assistant should accurately post appropriations as approved by the Board into the accounting system. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Official's Response: The variance in Fund 664 approved appropriations should have been adjusted at end of year to match actual revenues received. This was an oversight and will be watched closer in the future.

The variance in Fund 674 approved appropriations should have been adjusted at end of year to match actual expenditures. Fund 674 was a newly setup grant fund, and the grant period is not from January 1 - December 31, therefore, we need to adjust accordingly in the future. This was an oversight and will be watched closer in the future.

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Admin. Code § 117-2-02(A) cited and identified as a material weakness for material misstatements requiring audit adjustment.	Not Corrected	Repeated as a material weakness only as Finding 2016-001. This resulted from an oversight by the Fiscal Officer who plans to correct this for future annual reports.

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Dave Yost • Auditor of State

ATHENS CITY / COUNTY GENERAL HEALTH DISTRICT

ATHENS 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
MAY 18, 2017**