



Dave Yost • Auditor of State

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

General Health District
Pike County
14050 US Route 23 North
Waverly, Ohio 45690

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the General Health District, Pike County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013.

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 permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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 opinion.

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General Health District, Pike County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2015, 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

August 19, 2015

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ -	\$ 37,675	\$ 37,675
Fines, Licenses and Permits	105,752	136,643	242,395
Intergovernmental	369,458	171,795	541,253
Refunds	2,117	1,303	3,420
Local Share		1,541	1,541
Miscellaneous	11,057		11,057
<i>Total Cash Receipts</i>	<u>488,384</u>	<u>348,957</u>	<u>837,341</u>
Cash Disbursements			
Current:			
Health:			
Salaries	262,508	173,330	435,838
Supplies	16,591	3,377	19,968
Other Expense	66,746	18,316	85,062
State Share License		920	920
Equipment	2,218	15,625	17,843
Contract Service	54,137	24,880	79,017
Fringe Benefits	100,922	59,085	160,007
Remittance State		63,947	63,947
Remittance Fees		1,693	1,693
Debt Service:			
Principal Retirement	52,092		52,092
Interest and Fiscal Charges	4,752		4,752
<i>Total Cash Disbursements</i>	<u>559,966</u>	<u>361,173</u>	<u>921,139</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(71,582)</u>	<u>(12,216)</u>	<u>(83,798)</u>
Other Financing Receipts (Disbursements)			
Transfers In			0
Transfers Out			0
Advances In		20,000	20,000
Advances Out	(20,000)		(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(91,582)	7,784	(83,798)
<i>Fund Cash Balances, January 1</i>	<u>342,224</u>	<u>241,849</u>	<u>584,073</u>
Fund Cash Balances, December 31			
Restricted	25	249,634	249,659
Assigned	9,673	0	9,673
Unassigned (Deficit)	240,944	(1)	240,943
<i>Fund Cash Balances, December 31</i>	<u>\$ 250,642</u>	<u>\$ 249,633</u>	<u>\$ 500,275</u>

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

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ -	\$ 51,334	\$ 51,334
Fines, Licenses and Permits	109,005	135,413	244,418
Intergovernmental	362,986	141,397	504,383
Refunds	2,527	4,055	6,582
Miscellaneous	6,667		6,667
<i>Total Cash Receipts</i>	<u>481,185</u>	<u>332,199</u>	<u>813,384</u>
Cash Disbursements			
Current:			
Health:			
Salaries	289,083	157,131	446,214
Supplies	15,016	4,019	19,035
Other Expense	79,065	38,880	117,945
State Share License		880	880
Equipment	6,445	9,280	15,725
Contract Service	50,665	28,404	79,069
Fringe Benefits	133,943	45,113	179,056
Permits		276	276
Remittance State		61,938	61,938
Remittance Fees		18,068	18,068
Debt Service:			
Principal Retirement	49,609		49,609
Interest and Fiscal Charges	6,959		6,959
<i>Total Cash Disbursements</i>	<u>630,785</u>	<u>363,989</u>	<u>994,774</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(149,600)</u>	<u>(31,790)</u>	<u>(181,390)</u>
Other Financing Receipts (Disbursements)			
Transfers In	193,721		193,721
Transfers Out		(193,721)	(193,721)
Advances In	8,500	5,000	13,500
Advances Out	(5,000)	(8,500)	(13,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>197,221</u>	<u>(197,221)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	47,621	(229,011)	(181,390)
<i>Fund Cash Balances, January 1</i>	<u>294,603</u>	<u>470,860</u>	<u>765,463</u>
Fund Cash Balances, December 31			
Restricted	0	241,849	241,849
Assigned	3,565	0	3,565
Unassigned (Deficit)	338,659	0	338,659
<i>Fund Cash Balances, December 31</i>	<u>\$ 342,224</u>	<u>\$ 241,849</u>	<u>\$ 584,073</u>

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

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the General Health District, Pike County (the District), as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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.

C. Deposits and Investments

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

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Public Health Infrastructure Fund - This fund receives grants to fund emergency preparedness for Pike County.

Solid Waste Fund – This fund receives license fees for landfill solid waste licenses.

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The District Board must annually approve the annual appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 2.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$473,386	\$488,384	\$14,998
Special Revenue	309,436	368,956	59,520
Total	\$782,822	\$857,340	\$74,518

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$610,540	\$589,639	\$20,901
Special Revenue	408,489	364,578	43,911
Total	\$1,019,029	\$954,217	\$64,812

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$663,806	\$683,406	\$19,600
Special Revenue	298,092	337,199	39,107
Total	\$961,898	\$1,020,605	\$58,707

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$692,265	\$642,850	\$49,415
Special Revenue	625,078	571,605	53,473
Total	\$1,317,343	\$1,214,455	\$102,888

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Public Health Infrastructure fund by \$5,945 for the year ended December 31, 2014.

3. 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.

The County Commissioners serve as a special taxing authority for a special levy outside the ten mill limitation to provide the District with sufficient funds for health programs. The levy generated \$227,574 in 2014 and \$194,889 in 2013. The financial statements present these amounts as intergovernmental receipts.

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

5. Risk Management

The District is insured through Pike County, its fiscal agent. Pike County belongs to the Buckeye Administrators, Inc., a risk sharing pool among twenty eight counties in Ohio. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

6. Capital Lease

The capital lease obligation relates to making improvements to the Health District Building. The District entered into this lease on May 1, 2006. As part of the agreement, Pike County, as lessor, contributed \$450,000 to the Board of Health Renovation Fund to make improvements to the Health District Building. Contractors were paid by the District as work progressed.

The lease meets the criteria of a capital lease as defined by Governmental Accounting Standards Board codification section L 105, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

A summary of the District's future principal and interest requirements as of December 31, 2014 follows:

Fiscal Year Ending December 31	Principal	Interest
2015	\$ 54,687	\$ 2,543

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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*

General Health District
Pike County
14050 US Route 23, North
Waverly, Ohio 45690

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the General Health District, Pike County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2015, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

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

August 19, 2015

**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

We identified the following conditions in the District's financial statements:

- Pike County collects property taxes and distributes a portion of the taxes to the District as intergovernmental revenue. The District recorded these receipts in the proper fund; however, the District incorrectly reported these receipts as property tax receipts in the General Fund. The receipts should have been reported as intergovernmental revenue because the property taxes are collected by the County and then paid to the Health District. Therefore, intergovernmental revenue of \$306,491 for 2013 and \$348,386 for 2014 was incorrectly reported as property taxes.
- For the General Fund in 2013, intergovernmental revenue of \$48,847, fines, licenses and permits of \$109,005 and miscellaneous revenue of \$5,925 was incorrectly reported as charges for services.
- For the Special Revenue Funds in 2013, intergovernmental revenue of \$21,793 was incorrectly reported as refunds, remittance state expenditures of \$57,500 was incorrectly reported as other expenditures, and fund balances restricted for other purposes of \$236,434 was incorrectly reported as unassigned.
- For the General Fund in 2014, intergovernmental revenue of \$13,325, fines, licenses and permits of \$105,752 and miscellaneous revenue of \$11,057 was incorrectly reported as charges for services.
- For the Special Revenue Funds in 2014, intergovernmental revenue of \$21,793 was incorrectly reported as refunds, remittance state expenditures of \$57,500 was incorrectly reported as other expenditures, and fund balances restricted for other purposes of \$236,434 was incorrectly reported as unassigned.

The District has posted the above reclassifications to the financial statements.

We recommend the Fiscal Officer ensure amounts on the annual financial report are properly reported in the correct classifications.

Officials' Response:

We did not receive a response from officials to the finding reported above.

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**GENERAL HEALTH DISTRICT
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material Weakness: Improper classification of various receipts and disbursements.	Partially Corrected	Debt Service expenditures were properly reported, but the various receipts still had misclassifications. Partially reissued as finding 2014-001

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Dave Yost • Auditor of State

PIKE COUNTY GENERAL HEALTH DISTRICT

PIKE 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
SEPTEMBER 8, 2015**