



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017
Fiscal Years Audited Under GAGAS: 2018 and 2017

OHIO AUDITOR OF STATE
KEITH FABER



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District Board
Brown County District Board of Health
826 Mt. Orab Pike
Georgetown, OH 45121

We have reviewed the *Independent Auditor's Report* of the Brown County District Board of Health, prepared by BHM CPA Group, Inc., 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 Brown County District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2019

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Brown County District Board of Health
Brown County
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For the Fiscal Years Ended December 31, 2018 and 2017

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Independent Auditor's Report

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District:

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 Brown County District Board of Health, Brown County, Ohio (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.

Basis for Adverse Opinion

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, and the respective 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 the Brown County District Board of Health, Brown County, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 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 Standard* in considering the District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Columbus, Ohio
July 12, 2019

Brown County District Board of Health
Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2018

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Intergovernmental	\$ 164,348	\$ 169,379	\$ 333,727
Licenses, Permits, and Fees	118,975	131,046	250,021
Charges for Services	249,998	10,855	260,853
Miscellaneous	83,548	600	84,148
<i>Total Cash Receipts</i>	<u>616,869</u>	<u>311,880</u>	<u>928,749</u>
Cash Disbursements			
Current:			
Health:			
Salaries	209,689	155,756	365,445
Fringe Benefits	126,521	36,594	163,115
Supplies	55,392	4,583	59,975
Remittances to State	74,511	10,462	84,973
Equipment	8,832	9,939	18,771
Contracts - Services	69,971	14,104	84,075
Travel	10,272	7,223	17,495
Other	54,400	55,962	110,362
<i>Total Cash Disbursements</i>	<u>609,588</u>	<u>294,623</u>	<u>904,211</u>
<i>Net Change in Fund Cash Balances</i>	7,281	17,257	24,538
Fund Cash Balances, January 1	<u>617,407</u>	<u>212,630</u>	<u>830,037</u>
Fund Cash Balances, December 31			
Restricted	-	229,887	229,887
Committed	18,877		18,877
Assigned	19,767		19,767
Unassigned	586,044		586,044
<i>Fund Cash Balances, December 31</i>	<u>624,688</u>	<u>229,887</u>	<u>854,575</u>

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

Brown County District Board of Health

Brown 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 Brown County District Board of Health, Brown County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Food Service Fund This fund receives receipts for licenses and inspections of food service operations.

Sewage Fund This fund receives receipts for inspection and permits for household sewage treatment systems.

Public Health Emergency Preparedness (PHEP) Fund This fund receives grant funds from the state to provide for the establishment of public health preparedness infrastructure to protect the county for disease breakouts, bioterrorism and other health related emergencies.

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

Brown County District Board of Health

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2018

liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Brown County District Board of Health

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

Note 3 – Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$513,450	\$616,869	\$103,419
Special Revenue	201,711	311,880	110,169
Total	\$715,161	\$928,749	\$213,588

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$615,665	\$609,588	\$6,077
Special Revenue	337,407	294,623	42,784
Total	\$953,072	\$904,211	\$48,861

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Brown 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.

Brown County District Board of Health

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

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

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 \$102,000 in 2018. The financial statements present these amounts as intergovernmental receipts.

Note 6 – Risk Management

The District falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The District pays their portion of the insurance to the Brown County Commissioners.

The District, through the Brown County Commissioners, also provides health insurance coverage to the full-time employees through a private carrier.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2018.

Note 8 – 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.

Brown County District Board of Health
Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2017

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Intergovernmental	\$ 217,990	\$ 76,097	\$ 294,087
Licenses, Permits, and Fees	101,241	121,137	222,378
Charges for Services	433,939	37,326	471,265
Miscellaneous	17,242	116,520	133,762
<i>Total Cash Receipts</i>	<u>770,412</u>	<u>351,080</u>	<u>1,121,492</u>
Cash Disbursements			
Current:			
Health:			
Salaries	219,975	145,802	365,777
Fringe Benefits	93,332	37,730	131,062
Supplies	32,224	9,032	41,256
Remittances to State	74,357	11,007	85,364
Equipment	4,422	-	4,422
Contracts - Services	53,141	13,487	66,628
Travel	8,034	7,380	15,414
Other	66,041	130,545	196,586
<i>Total Cash Disbursements</i>	<u>551,526</u>	<u>354,983</u>	<u>906,509</u>
<i>Total Receipts Over /(Under) Cash Disbursements</i>	<u>218,886</u>	<u>(3,903)</u>	<u>214,983</u>
Other Financing Receipts/(Disbursements)			
Transfers In	-	15,000	15,000
Transfers Out	(15,000)	-	(15,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	203,886	11,097	214,983
<i>Fund Cash Balances, January 1</i>	<u>413,521</u>	<u>201,533</u>	<u>615,054</u>
Fund Cash Balances, December 31			
Restricted	-	212,630	212,630
Committed	45,736		45,736
Assigned	15,612		15,612
Unassigned	556,059		556,059
<i>Fund Cash Balances, December 31</i>	<u>617,407</u>	<u>212,630</u>	<u>830,037</u>

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

Brown County District Board of Health

Brown 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 Brown County District Board of Health, Brown County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Public Health Infrastructure (PHI) Fund This fund receives grant funds from the state to provide for the establishment of public health preparedness infrastructure to protect the county for disease breakouts, bioterrorism and other health related emergencies.

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

Brown County District Board of Health

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

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Brown County District Board of Health

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

Note 3 – Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$513,200	\$770,412	\$257,212
Special Revenue	195,711	366,080	170,369
Total	\$708,911	\$1,136,492	\$427,581

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$575,718	\$566,526	\$9,192
Special Revenue	361,665	354,983	6,682
Total	\$937,383	\$921,509	\$15,874

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Brown 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.

Brown County District Board of Health

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

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

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 \$127,000 in 2017. The financial statements present these amounts as intergovernmental receipts.

Note 6 – Risk Management

The District falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The District pays their portion of the insurance to the Brown County Commissioners.

The District, through the Brown County Commissioners, also provides health insurance coverage to the full-time employees through a private carrier.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 8 – 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 2017. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2017.

Note 9 – Contingent Liabilities

The District is defendant in a lawsuit in 2017 that was ultimately decided in the Health District's favor. At the conclusion of 2017, there are no active legal questions unresolved.

Brown County District Board of Health
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – Fund Balance Restatement

The beginning fund balances for the General and Special Revenue funds were restated to correct errors in the prior year as follows:

	<u>General</u>	<u>Special Revenue</u>
2017 Beginning Fund Balance	510,024	105,030
Adjustments		
General	(96,503)	-
Food	-	78,003
Trailer/Camp Park	-	11,917
Swimming Pools	-	4,946
Narcan Grant	-	1,637
Restated 2017 Beginning Fund Balance	<u>413,521</u>	<u>201,533</u>

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards***

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements by fund type of the Brown County District Board of Health, Brown 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 July 12, 2019, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 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.

BHM CPA Group

BHM CPA Group, Inc.
Columbus, Ohio
July 12, 2019

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

FINDING NUMBER 2018-001

Material Weakness- *Internal Controls Related to Financial Reporting*

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.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

- Prior period adjustment for the misstatement of the fund balances in the general and special revenue funds
- Other Financing Sources
- Transfers In
- Transfers Out
- Receipts
- Disbursements

To ensure the Board's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the correct line item to post various receipts and expenditures of the Board.

Client Response: The Client did not provide a response for the above finding.

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OHIO AUDITOR OF STATE KEITH FABER



BROWN COUNTY DISTRICT BOARD OF HEALTH

BROWN 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
OCTOBER 3, 2019**