



OHIO AUDITOR OF STATE
KEITH FABER



**PIKE COUNTY GENERAL HEALTH DISTRICT
PIKE COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Pike County General Health District
Pike County
116 South Market Street
Waverly, Ohio 45690

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Pike County General Health District, Pike County, Ohio (the Health 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 Health 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 Health 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 on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Health 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 Health 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 Health 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 Pike County General Health District, Pike 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2019, on our consideration of the Health 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 Health District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

August 6, 2019

PIKE COUNTY GENERAL HEALTH DISTRICT
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2018

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Intergovernmental	\$158,330	\$264,341	\$422,671
Charges for Services	0	1,095	1,095
Fines, Licenses and Permits	153,842	272,996	426,838
Miscellaneous	3,248	2,105	5,353
Total Cash Receipts	<u>315,420</u>	<u>540,537</u>	<u>855,957</u>
<u>Cash Disbursements:</u>			
<i>Current:</i>			
<i>Health:</i>			
Salaries	148,372	158,242	306,614
Fringe Benefits	96,821	75,729	172,550
Supplies	86,341	3,960	90,301
Remittances to State	26,399	75,169	101,568
Contract Services	25,280	230,887	256,167
Travel	3,940	3,759	7,699
Other	9,374	193	9,567
Capital Outlay	3,868	1,500	5,368
Total Cash Disbursements	<u>400,395</u>	<u>549,439</u>	<u>949,834</u>
Total Cash Receipts Over Cash Disbursements	<u>(84,975)</u>	<u>(8,902)</u>	<u>(93,877)</u>
<u>Other Financing Sources (Uses):</u>			
Proceed of Sale of Building	150,000	0	150,000
Transfers In	0	224	224
Transfers Out	(224)	0	(224)
Total Other Financing Sources (Uses)	<u>149,776</u>	<u>224</u>	<u>150,000</u>
Net Change in Fund Cash Balances	64,801	(8,678)	56,123
Fund Cash Balances, January 1	<u>242,071</u>	<u>404,526</u>	<u>646,597</u>
<i>Fund Cash Balances, December 31:</i>			
Restricted	0	395,848	395,848
Assigned	77,121	0	77,121
Unassigned	229,751	0	229,751
<i>Fund Cash Balances, December 31</i>	<u><u>\$306,872</u></u>	<u><u>\$395,848</u></u>	<u><u>\$702,720</u></u>

See accompanying notes to the financial statements.

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PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

Pike County General Health District (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Pike County serves as fiscal agent for the District.

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

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.

Basis of Accounting

These financial statements follow the basis of accounting permitted by the financial reporting provisions of the 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 District 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 adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

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

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:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies - (continued)

Special Revenue Funds - These funds account for and report proceeds of specific revenue sources that are restricted 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

Encumbrances – The Ohio Revised code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 2.

Fund Balances

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

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

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

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

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies - (continued)

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 Board of Trustees 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.

Property, Plant and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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.

Note 2 – Budgetary Activity

The District’s budgetary activity for the years ending December 31, 2018 was as follows:

2018 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$388,499	\$465,420	\$76,921
Special Revenue	562,647	540,761	(21,886)
<i>Total</i>	<i>\$951,146</i>	<i>\$1,006,181</i>	<i>\$55,035</i>

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Budgetary Activity - (continued)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$488,704	\$400,619	\$88,085
Special Revenue	653,662	549,439	104,223
<i>Total</i>	\$1,142,366	\$950,058	\$192,308

Note 3 – Intergovernmental Funding

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

Note 4- Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Plan Description – All District employees participate in the Ohio Public Employee Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. While members (District employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS’ Traditional Plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS’ CAFR referenced above for additional information):

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4- Defined Benefit Pension Plans - (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit.
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2018 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4- Defined Benefit Pension Plans - (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$49,188 for year 2018.

Note 5 – Postemployment Benefits

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

Note 6 – 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.

Note 7 – Contingent Liabilities

The amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.

PIKE COUNTY GENERAL HEALTH DISTRICT
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2017

	Governmental Fund Types		
	General	Special Revenue	Totals
<u>Cash Receipts:</u>			
Intergovernmental	\$362,242	\$432,185	\$794,427
Charges for Services	0	23,297	23,297
Fines, Licenses and Permits	90,850	200,922	291,772
Miscellaneous	2,084	1,573	3,657
Total Cash Receipts	455,176	657,977	1,113,153
<u>Cash Disbursements:</u>			
<i>Current:</i>			
<i>Health:</i>			
Salaries	177,456	111,263	288,719
Fringe Benefits	77,471	65,959	143,430
Supplies	3,285	13,882	17,167
Remittances to State	0	72,664	72,664
Contract Services	16,194	22,228	38,422
Travel	3,182	5,958	9,140
Utilities	5,716	0	5,716
Water Pollution Control	0	163,328	163,328
Other	171,026	16,745	187,771
Total Cash Disbursements	454,330	472,027	926,357
Total Cash Receipts Over Cash Disbursements	846	185,950	186,796
<u>Other Financing Sources (Uses):</u>			
Proceeds of Sale of Buildings	150,000	0	150,000
Transfers In	0	2,000	2,000
Transfers Out	(2,000)	0	(2,000)
Total Other Financing Sources (Uses)	148,000	2,000	150,000
Net Change in Fund Cash Balances	148,846	187,950	336,796
Fund Cash Balances, January 1, as restated	93,225	216,576	309,801
<i>Fund Cash Balances, December 31:</i>			
Restricted	0	404,526	404,526
Assigned	100,205	0	100,205
Unassigned	141,866	0	141,866
Fund Cash Balances, December 31	\$242,071	\$404,526	\$646,597

See accompanying notes to the financial statements.

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PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

Pike County General Health District (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Pike County serves as fiscal agent for the District.

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

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.

Basis of Accounting

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These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

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

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:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies - (continued)

Special Revenue Funds - These funds account for and report proceeds of specific revenue sources that are restricted 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

Encumbrances – The Ohio Revised code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Fund Balances

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

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

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

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

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies - (continued)

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 Board of Trustees 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.

Property, Plant and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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.

Note 2 – Prior Period Adjustment

During fiscal year 2017, the District found that they had posted some revenue in the wrong fund, which resulted in a prior period restatement to the December 31, 2016 fund balance. The District has made a restatement to report the proper fund balance.

	General	Special Revenue
Fund Cash Balance December 31, 2016	\$78,225	\$231,576
<i>Adjustments:</i>		
Revenue	15,000	(15,000)
Restated Fund Cash Balance December 31, 2017	\$93,225	\$216,576

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 – Budgetary Activity

The District’s budgetary activity for the years ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$437,841	\$605,176	\$167,335
Special Revenue	442,690	659,977	217,287
<i>Total</i>	\$880,531	\$1,265,153	\$384,622

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
	Appropriation Authority	Budgetary Disbursements	Variance
General	\$489,778	\$456,330	\$33,448
Special Revenue	555,355	472,027	83,328
<i>Total</i>	\$1,045,133	\$928,357	\$116,776

Note 4 – Intergovernmental Funding

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

Note 5 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Plan Description – All District employees participate in the Ohio Public Employee Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. While members (District employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS’ Traditional Plan; therefore, the following disclosure focuses on the traditional pension plan.

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 - Defined Benefit Pension Plans - (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit.
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

PIKE COUNTY GENERAL HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 - Defined Benefit Pension Plans - (continued)

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2017 Actual Contribution Rates	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$36,573 for year 2017.

Note 6 – 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 reimbursement, 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 7 – 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.

Note 8 – Contingent Liabilities

The amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.

OHIO AUDITOR OF STATE KEITH FABER



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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

Pike County General Health District
Pike County
116 South Market Street
Waverly, Ohio 45690

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the cash balances, receipts, and disbursements by fund type of the Pike County General Health District, Pike County, (the Health 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 August 6, 2019 wherein we noted the Health 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 Health 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 Health District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of 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 Health 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 Health District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Health District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Keith Faber
Auditor of State

Columbus, Ohio

August 6, 2019

**PIKE COUNTY GENERAL HEALTH DISTRICT
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following conditions related to the Health District's accounting system in 2018 caused by deficiencies in the Health District's monitoring and review process were identified:

- Other Financing Sources – Proceeds of Sale of Building were understated and Miscellaneous Receipts were overstated in the General fund in the amount of \$150,000.
- Intergovernmental Receipts were understated and Miscellaneous Receipts were overstated in the amount of \$15,380 in the General fund due to Public Health Accreditation funding posted incorrectly.

The following conditions related to the Health District's accounting system in 2017 caused by deficiencies in the Health District's monitoring and review process were identified:

- Unassigned fund balance was overstated and assigned fund balance was understated in the General fund amount of \$100,205.
- Other Financing Sources – Proceeds of Sale of Building were understated and Fines, Licenses and Permits were overstated in the General fund in the amount of \$150,000.
- Intergovernmental Receipts were understated and Fines, Licenses and Permits were overstated in the amount of \$26,015 in the General fund due to Public Health Accreditation funding posted incorrectly.
- Intergovernmental Receipts were understated and Fines, Licenses and Permits were overstated in the amount of \$40,442 in the General fund due to MAC Time Study receipts posted incorrectly.
- Fines, Licenses and Permits were overstated in the General fund in the amount of \$11,848 and understated in the Sewage Treatment System fund and in the Trailer Park fund in the amount of \$5,100 and \$300, respectively. Intergovernmental Receipts were understated in the Dental Sealant Grant fund in the amount of \$6,448.

The Health District did not reconcile the fiscal agent records to the Health District's records, resulting in the following errors:

- Certain Special Revenue fund receipts were not posted accurately and individual Special Revenue 2018 fund balances required adjustments totaling, \$1,349.

The Health District did not account for on behalf Ohio Water Development Authority funds in a separate fund in and did not record all activity, resulting in the following errors:

**FINDING NUMBER 2018-001
(Continued)**

- Intergovernmental Receipts were understated in the amount of \$109,803 and Miscellaneous Receipts and Fines, Licenses and Permits were overstated in the amounts of \$21,475 and \$88,328, respectively, in the Sewage Treatment System fund in 2017
- Intergovernmental Receipts and Water Pollution Control Expenses were understated in the amount of \$38,000 in the Sewer Treatment System fund in 2017.
- Intergovernmental Receipts and Water Pollution Control Expenses were understated in the amount of \$5,770 in the Water Pollution Control Loan fund in 2017.
- Intergovernmental Receipts in the amount of \$119,558 were understated in the Water Pollution Control fund and overstated in the Sewer Treatment System fund in 2017.
- Other Expenses and Water Pollution Control Expenses were overstated in the Sewer Treatment Systems fund in the amounts of \$87,333 and \$32,225, respectively. Water Pollution Control Expenses were understated in the Water Pollution Control fund in the amount of \$119,558 in 2017.
- Intergovernmental Receipts and Contract Services Disbursements were understated in the amount of \$5,840 in the Water Pollution Control Loan fund in 2018.

The Health District corrected the financial statements and accounting records, where appropriate.

The Health District made additional errors in classifying receipt and disbursement transaction line items in various funds in the Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances in amounts ranging from \$5,380 to \$9,600 in 2018 and ranging from \$250 to \$22,000 in 2017. The Health District did correct the financial statements for these errors.

Failure to accurately post and report transactions could result in material errors in the Health District's financial statements and reduces the Health District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Health District.

The Health District should accurately record financial transactions and implement procedures to monitor and review accounting records, including reconciling Health District records to records of the fiscal agent. Additionally, we recommend the Health District review Auditor of State Bulletin 2000-008, in regards to on behalf and grant accounting practices.

Officials' Response:

We did not receive a response from Officials to this finding.



Public Health
Prevent. Promote. Protect.

Pike County General
Health District

Pike County General Health District

Administrative Division

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material Weakness: Improper Classification of various receipts and disbursements.	Not Corrected	Reissued as 2018-001
2016-002	Material Weakness/ Noncompliance: 5705.41(B) Expenditures exceeds Appropriations	Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



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 19, 2019**