

***CARROLL COUNTY
GENERAL HEALTH DISTRICT***

CARROLL COUNTY

Audit Report

For the Years Ended December 31, 2018 and 2017





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Board of Directors
Carroll General Health District
PO Box 98
Carrollton, Ohio 44615

We have reviewed the *Independent Auditor's Report* of the Carroll General Health District, Carroll County, prepared by Charles E. Harris & Associates, 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 Carroll General Health District 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 19, 2019

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**Carroll County General Health District
Carroll County**

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INDEPENDENT AUDITOR'S REPORT

Carroll County General Health District
Carroll County
PO Box 98
Carrollton, Ohio 44615

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Carroll County General Health District, Carroll 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 the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 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 determined, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Carroll County General Health District, Carroll 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 June 25, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Charles E. Harris & Associates, Inc.
June 25, 2019

Carroll County General Health District
Carroll County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Fines, Licenses and Permits	\$ 36,520	\$ 256,890	\$ 293,410
Intergovernmental:			
Apportionments	177,818	-	177,818
Grants	5,327	546,116	551,443
Other	83,723	84,089	167,812
<i>Total Cash Receipts</i>	303,388	887,095	1,190,483
Cash Disbursements			
Current:			
Health:			
Salaries	97,343	373,142	470,485
Employee Fringe Benefits	24,258	118,276	142,534
Contractual Services	27,145	177,574	204,719
Equipment and Repairs	-	914	914
Materials and Supplies	7,982	71,554	79,536
Advertising	-	9,860	9,860
Remittance to State	18,930	12,363	31,293
Other expenses	29,802	23,409	53,211
<i>Total Cash Disbursements</i>	205,460	787,092	992,552
<i>Excess of Receipts Over (Under) Disbursements</i>	97,928	100,003	197,931
Other Financing Receipts (Disbursements)			
Transfers In	1,587	84,033	85,620
Transfers Out	(84,033)	(1,587)	(85,620)
Advances In	43,507	18,000	61,507
Advances Out	(18,000)	(43,507)	(61,507)
<i>Total Other Financing Receipts (Disbursements)</i>	(56,939)	56,939	-
<i>Net Change in Fund Cash Balances</i>	40,989	156,942	197,931
<i>Fund Cash Balances, January 1</i>	17,091	117,583	134,674
Fund Cash Balances, December 31			
Restricted	-	274,525	274,525
Assigned	28,227	-	28,227
Unassigned	29,853	-	29,853
<i>Fund Cash Balances, December 31</i>	\$ 58,080	\$ 274,525	\$ 332,605

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

Carroll County General Health District
Carroll 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 Carroll County General Health District, Carroll County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include immunization clinics, inspections, public health nursing services and issuing health-related licenses and permits.

Public Entity Risk Pool

The District participates in the Public Entity Pool (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2- Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Public Health Nursing Fund The public health nursing fund accounts for and reports the receipt of fees for providing nursing services to elderly and homebound persons.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as leaving employment or retirement, employees are entitled to cash payouts 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.

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

Note 3- Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 264,449	\$ 304,975	\$ 40,526
Special Revenue	989,015	971,128	(17,887)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 233,819	\$ 302,788	\$ (68,969)
Special Revenue	935,239	805,787	129,452

Contrary to Ohio Rev. Code Section 5705.41(b), budgetary disbursements exceeded appropriation authority by \$68,969 in the general fund.

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

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

Note 5- Intergovernmental Funding

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

Note 6 - Risk Management

Risk Pool Membership

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

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

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

<u>2018</u>	
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All District 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.

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 - Defined Benefit Pension Plan (continued)

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

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0% during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2018.

Note 9 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

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.

Note 10 – Interfund Balances

Outstanding advances at December 31, 2018 consisted of \$10,000 advanced to Safe Communities fund and \$8,000 advanced to Injury Prevention initiative fund.

Note 11 – Transfers

Transfers activity for the year ended December 31, 2018 follows:

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 – Transfers (continued)

Fund	2018 Transfers	
	From	To
<i>General Fund E000 Health</i>	\$ 84,033	\$ 1,587
<i>Special Revenue Funds</i>		
E010 MAN HOME PARKS	1,587	-
E030 FOOD	-	10,000
E060 NURSING	-	46,000
E090 GENERAL ENVIRONMENTAL	-	28,033
<i>Total</i>	\$ 85,620	\$ 85,620

Transfers from the general fund were to subsidize the operations of grant funds and were made in accordance with the Ohio Revised Code. The other transfer was to close the fund and transfer the remaining balance to the general fund.

Carroll County General Health District
Carroll County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Fines, Licenses and Permits	\$ 35,176	\$ 221,750	\$ 256,926
Intergovernmental:			
Apportionments	177,818	-	177,818
Grants	5,027	488,389	493,416
Other	101,524	105,408	206,932
<i>Total Cash Receipts</i>	319,545	815,547	1,135,092
Cash Disbursements			
Current:			
Health:			
Salaries	114,741	421,654	536,395
Employee Fringe Benefits	34,198	145,096	179,294
Contractual Services	32,703	135,211	167,914
Equipment and Repairs	14,154	24,747	38,901
Materials and Supplies	9,712	94,677	104,389
Advertising	4,018	10,696	14,714
Remittance to State	16,122	13,076	29,198
Other expenses	45,495	57,845	103,340
<i>Total Cash Disbursements</i>	271,143	903,002	1,174,145
<i>Excess of Receipts Over (Under) Disbursements</i>	48,402	(87,455)	(39,053)
Other Financing Receipts (Disbursements)			
Transfers In	60,815	165,815	226,630
Transfers Out	(165,815)	(60,815)	(226,630)
Advances In	47,039	43,508	90,547
Advances Out	(43,508)	(47,039)	(90,547)
<i>Total Other Financing Receipts (Disbursements)</i>	(101,469)	101,469	-
<i>Net Change in Fund Cash Balances</i>	(53,067)	14,014	(39,053)
<i>Fund Cash Balances, January 1</i>	70,158	103,569	173,727
Fund Cash Balances, December 31			
Restricted	-	117,583	117,583
Assigned	9,588	-	9,588
Unassigned	7,503	-	7,503
<i>Fund Cash Balances, December 31</i>	\$ 17,091	\$ 117,583	\$ 134,674

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

Carroll County General Health District
Carroll 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 Carroll County General Health District, Carroll County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include immunization clinics, inspections, public health nursing services and issuing health-related licenses and permits.

Public Entity Risk Pool

The District participates in the Public Entity Pool (PEP), a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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

Note 2- Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Public Home Nursing Services (PHNF) Fund— The public home nursing services fund accounts for and reports fees for providing home nursing services to elderly and homebound persons.

Budgetary Process

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

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as leaving employment or retirement, employees are entitled to cash payouts 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.

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.

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - 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 the Board or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

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 Receipts	Actual Receipts	Variance
General	\$ 266,817	\$ 380,360	\$ 113,543
Special Revenue	897,487	981,362	83,875

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 327,731	\$ 446,546	\$ (118,815)
Special Revenue	1,045,381	972,951	72,430

Contrary to Ohio Rev. Code Section 5705.41(b), budgetary disbursements exceeded appropriation authority in the General Fund by \$118,815.

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Carroll 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.

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 - Intergovernmental Funding

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

Note 6 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

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

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the District's share of these unpaid claims collectible in future years is approximately \$6,000.

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management (continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$10,065
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1% during calendar year 2017. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2017.

Note 9 - Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

Carroll County General Health District
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 - Contingent Liabilities (continued)

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.

Note 10 – Interfund Balances

Outstanding advances at December 31, 2017, consisted of \$20,000 advanced to PHEP FY18 fund, \$14,508 advanced to community cessation initiative fund, \$6,000 advanced to safe community FY17 fund, and \$3,000 advanced to injury prevention fund to provide working capital for operations or projects.

Note 11 – Transfers

Transfers activity for the year ended December 31, 2017 follows:

2017 Transfers		
Fund	From	To
<i>General Fund E000 Health</i>	\$ 165,815	\$ 60,815
<i>Special Revenue Funds</i>		
E020 HELP ME GROW	6,013	139
E021 HELP ME GROW GRF	29,131	120
E030 FOOD	-	10,485
E046 RHWP FY17	19,926	-
E058 PHEP FY17	903	-
E060 NURSING	-	85,000
E070 WATER	-	15,000
E090 GENERAL ENVRIONMENTAL	-	41,000
E097 INDOOR RADON FY16	-	11,040
E100 EMERGENCY EBOLA	100	20
E139 CFHS FY16	698	-
E150 SAFE COMMUNITIES	1,700	-
E160 INJURY PREVENTION	2,344	-
E161 INJURY PREVENTION 17	-	141
E363 IAP FY16	-	2,870
Total	\$ 226,630	\$ 226,630

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Carroll County General Health District
Carroll County
PO Box 98
Carrollton, Ohio 44615

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 Carroll County General Health District, Carroll County (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 25, 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

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2018-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 25, 2019.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.

June 25, 2019

*Carroll County General Health District
Carroll County
Schedule of Findings
December 31, 2018 and 2017*

<p>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS</p>

Finding Number: 2018-001 – Noncompliance

Disbursements Exceeding Appropriations

Ohio Revised Code Section 5705.41(b) requires that budgetary disbursements shall not exceed appropriations. In 2017, budgetary disbursements exceeded appropriation authority as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$327,731	\$446,546	(\$118,815)

In 2018, budgetary disbursements exceeded appropriation authority as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$233,819	\$302,788	(\$68,969)

We recommend that the District monitor its budget closely to prevent disbursements from exceeding appropriations.

Management’s Response:

See Corrective Action Plan on page 21.

Carroll County General Health District
Carroll County
Schedule of Prior Audit Findings
(Prepared by Management)
For the Years Ended December 31, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Audit Adjustments and Reclassifications	Fully Corrected	

***Carroll General Health District
Carroll County
Corrective Action Plan
December 31, 2018 and 2017
(Prepared by Management)***

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Fiscal Officer will review and monitor budgets closely. Fiscal Officer will implement and utilize a budget testing spreadsheet monthly to ensure budgetary disbursements are not exceeding appropriations. Fiscal Officer will provide budget updates to the Health Commissioner and Board of Health monthly.	Immediately	Amy Campbell, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



CARROLL COUNTY GENERAL HEALTH DISTRICT

CARROLL 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 1, 2019**