



Dave Yost • Auditor of State

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Auditor’s Report | 1 |
| Management’s Discussion and Analysis..... | 5 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position – Cash Basis - December 31, 2015 | 13 |
| Statement of Activities – Cash Basis - For the Year Ended December 31, 2015..... | 14 |
| Fund Financial Statements: | |
| Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2015..... | 15 |
| Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis Governmental Funds – For the Year Ended December 31, 2015 | 16 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2015..... | 17 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Federal Fund For the Year Ended December 31, 2015..... | 18 |
| Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Air Pollution Fund For the Year Ended December 31, 2015..... | 19 |
| Notes to the Basic Financial Statements | 21 |
| Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015 | 35 |
| Notes to the Schedule of Expenditures of Federal Awards | 36 |
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 39 |
| Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance | 41 |
| Schedule of Findings..... | 43 |

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Public Health – Dayton & Montgomery County
Montgomery County
117 South Main Street
Dayton, Ohio 45422

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Public Health – Dayton & Montgomery County, Montgomery County, Ohio (the PHDMC), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the PHDMC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 PHDMC'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 PHDMC's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Public Health – Dayton & Montgomery County, Montgomery County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General, Federal and Air Pollution funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2016, on our consideration of the PHDMC'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 PHDMC's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

October 5, 2016

This page intentionally left blank.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED**

This discussion and analysis of Public Health – Dayton & Montgomery County’s (PHDMC) financial performance provides an overall review of PHDMC’s financial activities for the year ended December 31, 2015, within the limitations of PHDMC’s cash basis of accounting. The intent of this discussion and analysis is to look at the organization’s financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of PHDMC’s financial performance.

Mission Statement

Our mission is to lead and innovate by working with our community to achieve the goals of public health: prevention, promotion and protection.

Vision Statement

Our vision is to be an innovative leader in achieving the highest possible health and well-being for Dayton & Montgomery county residents and visitors. To that end, we provide vital, cost-effective and culturally competent health services that protect and promote people’s health and support and create healthy environments and communities. Through our services, we:

- Prevent** the spread of disease
- Protect** against health threats in the air, food and water
- Promote** healthy behaviors
- Reach out** to vulnerable populations
- Mobilize** community action through partnerships
- Prepare for and respond** to public health emergencies
- Serve** as a public health information resource.

Agency Highlights

James Gross, Health Commissioner, retired effective January 2, 2015. Jeffrey Cooper was appointed Health Commissioner January 7, 2015. Barbara Marsh was hired as the Assistant to the Health Commissioner on August 31, 2015.

Public Health continued to prepare for national accreditation by the Public Health Accreditation Board (PHAB) in 2015 and plans to submit an application in early 2016. To support this process, Public Health developed and implemented a Quality Improvement Plan in the fall of 2015. The Ohio State University was selected through a bid process to provide guidance and to facilitate the Community Health Improvement Plan for the agency. Also in 2015, Public Health released data from the second Community Health Assessment. As part of the Human Services Levy process, Montgomery County Human Services Planning & Development Department and the United Way of Greater Dayton conducted a joint strategic planning process to identify priorities to improve alignment of community partners to deliver services. Public Health committed to returning \$ 10,454,273 in 2016 to the Human Services Levy to meet the 9% fund balance recommended by the Levy Council and Community Review Team.

Internally, Public Health initiated a realignment of programs by function to mirror the agency’s mission and strategic direction. A division of Health Promotion was created to address the areas of chronic disease prevention and maternal and child health. Several programs transitioned to new divisions in 2015 but the majority of the moves will be accomplished in 2016.

The Center for Disease Control and Prevention announced the availability of supplemental preparedness funding to plan, prepare and respond to an Ebola outbreak. Public Health received an award of \$ 386,686 from the Ohio Department of Health for this grant program.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

Dr. David Page, Mr. Emmett Orr and Mr. Mike Simms were reappointed by the District Advisory Council in March to serve another term on the Montgomery County Board of Health. Mr. Ken Spires began his term as President of the Board of Health in April.

Financial Highlights

Key financial highlights for the year 2015 are as follows:

- Net position increased by \$4,320,540, or 25.8% from 2014. Total net position at year-end was \$21,049,807. PHDMC had \$26,212,432 in total disbursements during 2015, which is a decrease of 4.4 % from 2014. The decrease in disbursements was primarily due to vacant positions.
- PHDMC receives funding from the Montgomery County Human Services Levy. In November, 2014, voters approved a renewal and increase levy of 8.21 mills for 8 years, with 64% voting in favor of the measure. PHDMC received \$ 15,882,775 in levy funds in 2015, which represents 52% of the PHDMC’s total receipts for the year.
- Program-specific receipts in the form of Charges for Services and Operating Grants comprise 46.4% of total receipts.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to PHDMC’s cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand PHDMC as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The *Statement of Net Position – Cash Basis* and *Statement of Activities – Cash Basis* provide information about the activities of PHDMC as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of PHDMC as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. PHDMC has elected to present its financial statements on a *cash basis* of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under PHDMC’s cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

Reporting PHDMC as a Whole

PHDMC is a combined general health district established under the laws of the State of Ohio. A nine-member Board governs PHDMC, which provides public health services to the citizens of Montgomery County and, for certain programs, residents of surrounding counties. These services range from personal health care to air pollution control.

The *Statement of Net Position* and the *Statement of Activities* reflect how PHDMC did financially during 2015, within the limitations of the cash basis of accounting. The *Statement of Net Position – Cash Basis* presents the cash balances of the governmental activities of PHDMC at year end. The *Statement of Activities – Cash Basis* compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from PHDMC’s general receipts.

These statements report PHDMC’s cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, the reader can think of these changes as one way to measure PHDMC’s financial health. Over time, an increase or decrease in cash position is one indicator of whether the organization’s financial health is improving or deteriorating. When evaluating PHDMC’s financial condition, one should also consider other non-financial factors, such as the property tax base, the condition of PHDMC’s capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The *Statement of Net Position – Cash Basis* and the *Statement of Activities – Cash Basis* present governmental activities, which include all of PHDMC’s services. State and federal grants, fees and property taxes finance most of these activities. PHDMC has no business-type activities.

Reporting PHDMC’s Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about PHDMC’s major funds – not PHDMC as a whole. PHDMC establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of PHDMC are governmental.

Governmental Funds – All of PHDMC’s activities are reported in governmental funds. Governmental fund financial statements provide a detailed short-term view of PHDMC’s governmental operations and the basic services it provides. Governmental fund information helps determine the availability of financial resources to support PHDMC’s programs. PHDMC’s significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. PHDMC’s major governmental funds are the General Fund, Federal Fund, Air Pollution Fund and Capital Project Fund. The programs reported in the governmental funds are those reported in the governmental activities section of the entity-wide statements.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

PHDMC as a Whole

Table 1 provides a summary of PHDMC’s net position for 2015 compared to 2014 on a cash basis:

**Table 1
Net Position – Cash Basis**

| | Governmental Activities | |
|---------------------------|--------------------------------|---------------------|
| | 2015 | 2014 |
| Assets: | | |
| Cash and Cash Equivalents | \$21,049,807 | \$16,729,267 |
| Total Assets | <u>21,049,807</u> | <u>16,729,267</u> |
| Net Position: | | |
| Restricted for: | | |
| Federal Fund | 2,566,483 | 2,583,246 |
| Air Pollution | 1,461,709 | 1,259,631 |
| Unrestricted | 17,021,615 | 12,886,390 |
| Total Net Position | <u>\$21,049,807</u> | <u>\$16,729,267</u> |

As mentioned previously, net position increased by \$4,320,540. Additional detail regarding receipts and disbursements, along with explanations of significant changes, is provided in the next section.

Table 2 reflects the change in net position in 2015 and provides a comparison to prior year amounts:

**Table 2
Changes in Net Position**

| | Governmental Activities | | |
|--------------------------------|--------------------------------|---------------------|--------------------|
| | 2015 | 2014 | Change |
| Receipts: | | | |
| Program Cash Receipts: | | | |
| Charges for Services | \$7,625,721 | \$7,511,546 | \$114,175 |
| Operating Grants | 6,548,875 | 6,657,824 | (108,949) |
| Total Program Receipts | <u>14,174,596</u> | <u>14,169,370</u> | <u>5,226</u> |
| General Receipts: | | | |
| Property and Other Local Taxes | 15,882,775 | 15,856,600 | 26,175 |
| Miscellaneous | 475,601 | 652,745 | (177,144) |
| Total General Receipts | <u>16,358,376</u> | <u>16,509,345</u> | <u>(150,969)</u> |
| Total Receipts | <u>30,532,972</u> | <u>30,678,715</u> | <u>(145,743)</u> |
| Disbursements: | | | |
| Public Health Services | 25,686,939 | 26,918,361 | (1,231,422) |
| Capital Outlay | 525,493 | 495,678 | 29,815 |
| Total Disbursements | <u>26,212,432</u> | <u>27,414,039</u> | <u>(1,201,607)</u> |
| Change in Net Position | 4,320,540 | 3,264,676 | 1,055,864 |
| Net Position Beginning of Year | <u>16,729,267</u> | <u>13,464,591</u> | <u>3,264,676</u> |
| Net Position End of Year | <u>\$21,049,807</u> | <u>\$16,729,267</u> | <u>\$4,320,540</u> |

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

In 2015, 53.6% of PHDMC’s total receipts were from General Receipts, which consist almost entirely of property taxes. Program Receipts accounted for 46.4% of total receipts. Program Receipts include: charges for birth and death certificates; inspection and permit fees; state and federal operating grants; and patient fees from sources such as private pay, insurance, Medicare and Medicaid.

Under Program Receipts, Charges for Services increased by \$114,175, or about 1.5% from 2014 to 2015, and Operating Grants decreased by \$108,949, or 1.6%.

Total Disbursements decreased by \$1,201,607. The primary cause behind this decrease was vacant positions.

Governmental Activities

On the *Statement of Activities – Cash Basis*, the first column lists the major categories of services provided by PHDMC and the next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Health Services. The next two columns of the statement entitled Program Cash Receipts identify amounts collected from fees charged for services, as well as grants received by PHDMC which must be used to provide a specific service. The Net Receipts (Disbursements) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the services, which is funded primarily by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost for the current and prior years is presented in Table 3.

**Table 3
Governmental Activities**

| | Total Cost of Services 2015 | Net Cost of Services 2015 | Total Cost of Services 2014 | Net Cost of Services 2014 |
|------------------------|--|--|--|--|
| Public Health Services | \$25,686,939 | \$11,512,343 | \$26,918,361 | \$12,748,991 |
| Capital Outlay | 525,493 | 525,493 | 495,678 | 495,678 |
| Total | <u>\$26,212,432</u> | <u>\$12,037,836</u> | <u>\$27,414,039</u> | <u>\$13,244,669</u> |

PHDMC has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging appropriate rates for services. In 2015, 46% percent of costs were supported through property taxes, unrestricted grants and other general receipts.

Some programs are self-supporting through charges for services, while others are funded through a combination of charges for services, state and federal grants, and local subsidies.

PHDMC’s Funds

As noted earlier, PHDMC uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of PHDMC’s governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing PHDMC’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the year.

At the end of 2015, the governmental funds reported total ending fund balances of \$ 21,049,807. Of this amount, \$1,976,435 is unassigned fund balance, which is available for spending. The remainder of fund balance is restricted, committed, or assigned to indicate it is not available for new spending.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net position on the *Statement of Net Position – Cash Basis* due to their use being restricted for a particular purpose, which is mandated by the source of the resources, such as the state and federal governments.

The general fund is the chief operating fund of PHDMC. At the end of 2015, unassigned fund balance in the general fund was \$1,976,435. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 12% of the total general fund expenditures.

Revenues exceeded expenditures in the general fund by \$ 4,651,987 in 2015. Levy funds account for 74% of revenues in the general fund; Charges for Services account for 14%; and Licenses, Permits and Fees make up 9% of general fund revenues.

The federal fund includes all programs that have as a source of funds, a federally-funded grant, whether directly from the federal government or from the State of Ohio in the form of a pass-through. Programs in this fund include Women, Infants, and Children (WIC); PHDMC's Center for Alcoholism & Drug Addiction Services (CADAS); Child and Family Health Services; and Public Health Emergency Response. At the end of 2015, the federal fund balance was \$2,566,483.

The air pollution fund includes funding for services PHDMC provides for monitoring and controlling air pollution within Montgomery and surrounding counties. The air pollution fund balance at the end of 2015 was \$1,461,709.

General Fund Budgeting Highlights

PHDMC's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2015, PHDMC amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. The Health Commissioner approves adjustments between categories within the Board-approved appropriations.

The final expenditure budget for the general fund was \$21,280,028, compared to actual disbursements of \$18,143,514. This positive variance of \$3,136,514 reflects vacant positions and related employee benefits, along with a decrease in contractual services.

Capital Assets

PHDMC currently tracks its capital assets. However, since the financial statements are presented on a cash basis, none of these assets are reflected on the financial statements. Instead, the acquisitions of property, plant and equipment are recorded as disbursements when paid.

Debt Administration and Contractual Obligations

PHDMC has no debt obligations.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

Contacting the PHDMC’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of PHDMC’s finances and to reflect PHDMC’s accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to: Director of Administration, Public Health – Dayton & Montgomery County, 117 S. Main Street, Dayton, Ohio 45422.

This page intentionally left blank.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015**

| | <u>Governmental Activities</u> |
|---------------------------|---|
| Assets: | |
| Cash and Cash Equivalents | \$21,049,807 |
| Total Assets | <u>21,049,807</u> |
| | |
| Net Position: | |
| Restricted for: | |
| Federal Fund | 2,566,483 |
| Air Pollution | 1,461,709 |
| Unrestricted | 17,021,615 |
| Total Net Position | <u>\$21,049,807</u> |

See accompanying notes to the basic financial statements.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Position |
|--|-------------------------------------|---|------------------------------------|---|
| Cash Disbursements | Charges for Services | Operating Grants and Contributions | Governmental Activities | |
| Governmental Activities: | | | | |
| Current: | | | | |
| Health: | | | | |
| Public Health Services | \$25,686,939 | \$7,625,721 | \$6,548,875 | (\$11,512,343) |
| Capital Outlay | 525,493 | | | (525,493) |
| Total Governmental Activities | \$26,212,432 | \$7,625,721 | \$6,548,875 | (12,037,836) |
| General Receipts: | | | | |
| Property Taxes Levied for Human Services | | | | 15,882,775 |
| Miscellaneous | | | | 475,601 |
| Total General Receipts | | | | 16,358,376 |
| Change in Net Position | | | | 4,320,540 |
| Net Position Beginning of Year | | | | 16,729,267 |
| Net Position End of Year | | | | \$21,049,807 |

See accompanying notes to the basic financial statements.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

| | <u>General</u> | <u>Federal Fund</u> | <u>Air Pollution Fund</u> | <u>Capital Project Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------|---------------------|-------------------------|-----------------------------------|-------------------------------------|---|---|
| Assets: | | | | | | |
| Cash and Cash Equivalents | \$13,579,089 | \$2,566,483 | \$1,461,709 | \$2,885,862 | \$556,664 | \$21,049,807 |
| Total Assets | <u>13,579,089</u> | <u>2,566,483</u> | <u>1,461,709</u> | <u>2,885,862</u> | <u>556,664</u> | <u>21,049,807</u> |
| Fund Balances: | | | | | | |
| Restricted | | 2,566,483 | 1,461,709 | | | 4,028,192 |
| Committed | | | | 2,885,862 | 556,664 | 3,442,526 |
| Assigned | 11,602,654 | | | | | 11,602,654 |
| Unassigned (Deficit) | 1,976,435 | | | | | 1,976,435 |
| Total Fund Balances | <u>\$13,579,089</u> | <u>\$2,566,483</u> | <u>\$1,461,709</u> | <u>\$2,885,862</u> | <u>\$556,664</u> | <u>\$21,049,807</u> |

See accompanying notes to the basic financial statements.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>General</u> | <u>Federal Fund</u> | <u>Air Pollution Fund</u> | <u>Capital Project Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-------------------------|-----------------------------------|-------------------------------------|---|---|
| Receipts | | | | | | |
| Levy Funds | \$15,882,775 | | | | | \$15,882,775 |
| Intergovernmental Revenues | 239,462 | \$4,298,610 | \$2,002,215 | | | 6,540,287 |
| Licenses, Permits and Fees | 2,002,274 | | 91,167 | | \$1,292,759 | 3,386,200 |
| Charges for Services | 3,016,535 | 1,184,303 | 32,530 | | 6,153 | 4,239,521 |
| Miscellaneous | 382,180 | 44,159 | 49,724 | | 6,230 | 482,293 |
| Total Receipts | <u>21,523,226</u> | <u>5,527,072</u> | <u>2,175,636</u> | | <u>1,305,142</u> | <u>30,531,076</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Salaries and Benefits | 11,187,046 | 4,242,065 | 1,978,903 | \$5,706 | 1,082,507 | 18,496,227 |
| Supplies | 670,398 | 90,275 | 56,385 | 11,395 | 5,233 | 833,686 |
| Contracts | 822,875 | 625,584 | 68,077 | 974 | 8,265 | 1,525,775 |
| Intergovernmental | 1,245,754 | | | | 73,086 | 1,318,840 |
| Rentals | 699,398 | 378,846 | 77,459 | | 16,088 | 1,171,791 |
| Other Disbursements | 1,978,981 | 199,394 | 88,280 | 5,790 | 68,175 | 2,340,620 |
| Capital Outlay | 266,787 | 7,671 | 93,454 | 153,672 | 3,909 | 525,493 |
| Total Disbursements | <u>16,871,239</u> | <u>5,543,835</u> | <u>2,362,558</u> | <u>177,537</u> | <u>1,257,263</u> | <u>26,212,432</u> |
| Excess of Receipts Over (Under) Disbursements | <u>4,651,987</u> | <u>(16,763)</u> | <u>(186,922)</u> | <u>(177,537)</u> | <u>47,879</u> | <u>4,318,644</u> |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In | | | 389,000 | 800,000 | | 1,189,000 |
| Transfers Out | (1,189,000) | | | | | (1,189,000) |
| Other Financing Sources | 1,896 | | | | | 1,896 |
| Total Other Financing Sources (Uses) | <u>(1,187,104)</u> | | <u>389,000</u> | <u>800,000</u> | | <u>1,896</u> |
| Net Change in Fund Balances | 3,464,883 | (16,763) | 202,078 | 622,463 | 47,879 | 4,320,540 |
| Fund Balances Beginning of Year | <u>10,114,206</u> | <u>2,583,246</u> | <u>1,259,631</u> | <u>2,263,399</u> | <u>508,785</u> | <u>16,729,267</u> |
| Fund Balances End of Year | <u>\$13,579,089</u> | <u>\$2,566,483</u> | <u>\$1,461,709</u> | <u>\$2,885,862</u> | <u>\$556,664</u> | <u>\$21,049,807</u> |

See accompanying notes to the basic financial statements.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|---------------------------|---------------------------|----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Levy Funds | \$16,021,000 | \$16,021,000 | \$15,882,775 | (\$138,225) |
| Intergovernmental Revenues | 214,000 | 262,543 | 239,462 | (23,081) |
| Licenses, Permits and Fees | 2,125,313 | 2,125,313 | 2,002,274 | (123,039) |
| Charges for Services | 3,005,458 | 3,007,858 | 3,016,535 | 8,677 |
| Miscellaneous | 240,320 | 241,320 | 382,180 | 140,860 |
| Total Receipts | <u>21,606,091</u> | <u>21,658,034</u> | <u>21,523,226</u> | <u>(134,808)</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Health Services | <u>21,159,849</u> | <u>21,280,028</u> | <u>18,143,514</u> | <u>3,136,514</u> |
| Total Disbursements | <u>21,159,849</u> | <u>21,280,028</u> | <u>18,143,514</u> | <u>3,136,514</u> |
| Excess of Receipts Over (Under) Disbursements | <u>446,242</u> | <u>378,006</u> | <u>3,379,712</u> | <u>3,001,706</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (1,264,000) | (1,189,000) | (1,189,000) | |
| Other Financing Sources | | | 1,896 | 1,896 |
| Total Other Financing Sources (Uses) | <u>(1,264,000)</u> | <u>(1,189,000)</u> | <u>(1,187,104)</u> | <u>1,896</u> |
| Net Change in Fund Balance | (817,758) | (810,994) | 2,192,608 | 3,003,602 |
| Unencumbered Fund Balance Beginning of Year | 8,917,061 | 8,917,061 | 8,917,061 | |
| Prior Year Encumbrances Appropriated | <u>1,197,145</u> | <u>1,197,145</u> | <u>1,197,145</u> | |
| Unencumbered Fund Balance End of Year | <u><u>\$9,296,448</u></u> | <u><u>\$9,303,212</u></u> | <u><u>\$12,306,814</u></u> | <u><u>\$3,003,602</u></u> |

See accompanying notes to the basic financial statements.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FEDERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Levy Funds | | | | |
| Intergovernmental Revenues | \$3,901,253 | \$4,734,226 | \$4,298,610 | (\$435,616) |
| Licenses, Permits and Fees | 2,400 | 2,400 | | (2,400) |
| Charges for Services | 1,174,514 | 1,278,196 | 1,184,303 | (93,893) |
| Miscellaneous | | | 44,159 | 44,159 |
| Total Receipts | <u>5,078,167</u> | <u>6,014,822</u> | <u>5,527,072</u> | <u>(487,750)</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Health Services | <u>5,580,833</u> | <u>6,519,780</u> | <u>5,835,372</u> | <u>684,408</u> |
| Total Disbursements | <u>5,580,833</u> | <u>6,519,780</u> | <u>5,835,372</u> | <u>684,408</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(502,666)</u> | <u>(504,958)</u> | <u>(308,300)</u> | <u>196,658</u> |
| Other Financing Sources: | | | | |
| Transfers In | <u>300,000</u> | <u>300,000</u> | | <u>(300,000)</u> |
| Total Other Financing Sources | <u>300,000</u> | <u>300,000</u> | | <u>(300,000)</u> |
| Net Change in Fund Balance | (202,666) | (204,958) | (308,300) | (103,342) |
| Unencumbered Fund Balance Beginning of Year | 2,478,075 | 2,478,075 | 2,478,075 | |
| Prior Year Encumbrances Appropriated | <u>105,171</u> | <u>105,171</u> | <u>105,171</u> | |
| Unencumbered Fund Balance End of Year | <u>\$2,380,580</u> | <u>\$2,378,288</u> | <u>\$2,274,946</u> | <u>(\$103,342)</u> |

See accompanying notes to the basic financial statements.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AIR POLLUTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|---------------------------|---------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>(Negative)</u> |
| Receipts: | | | | |
| Intergovernmental Revenues | \$2,045,265 | \$2,045,265 | \$2,002,215 | (\$43,050) |
| Licenses, Permits and Fees | 33,500 | 33,500 | 91,167 | 57,667 |
| Charges for Services | 33,200 | 39,375 | 32,530 | (6,845) |
| Miscellaneous | 35,000 | 35,000 | 49,724 | 14,724 |
| Total Receipts | <u>2,146,965</u> | <u>2,153,140</u> | <u>2,175,636</u> | <u>22,496</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Health Services | <u>2,619,031</u> | <u>2,626,956</u> | <u>2,384,122</u> | <u>242,834</u> |
| Total Disbursements | <u>2,619,031</u> | <u>2,626,956</u> | <u>2,384,122</u> | <u>242,834</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(472,066)</u> | <u>(473,816)</u> | <u>(208,486)</u> | <u>265,330</u> |
| Other Financing Sources: | | | | |
| Transfers In | <u>389,000</u> | <u>389,000</u> | <u>389,000</u> | |
| Total Other Financing Sources | <u>389,000</u> | <u>389,000</u> | <u>389,000</u> | |
| Net Change in Fund Balance | (83,066) | (84,816) | 180,514 | 265,330 |
| Unencumbered Fund Balance Beginning of Year | 1,215,301 | 1,215,301 | 1,215,301 | |
| Prior Year Encumbrances Appropriated | <u>44,330</u> | <u>44,330</u> | <u>44,330</u> | |
| Unencumbered Fund Balance End of Year | <u><u>\$1,176,565</u></u> | <u><u>\$1,174,815</u></u> | <u><u>\$1,440,145</u></u> | <u><u>\$265,330</u></u> |

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. REPORTING ENTITY

Public Health – Dayton & Montgomery County (PHDMC) is a combined general health district established under the laws of the State of Ohio. A nine-member Board of Health governs PHDMC, which provides public health services to the citizens of Montgomery County and, for certain programs, surrounding counties also. The Board appoints a health commissioner and all employees of PHDMC.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from PHDMC. PHDMC's services include general operations, public health nursing, immunizations, communicable disease clinics and programs, food protection, community and special services, vital statistics, personal health care clinics, regional air pollution monitoring and control, water and solid waste programs, and regional emergency response planning.

B. Component Units

Component units are legally separate organizations for which PHDMC is financially accountable. PHDMC does not have any component units.

C. Public Entity Risk Pools

PHDMC participates in the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. The PEP provides property and casualty coverage for its members. Note 7 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

PHDMC's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about PHDMC as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of PHDMC that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. PHDMC has no business-type activities.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Position presents the financial condition of the governmental activities of PHDMC at year end. The Statement of Activities compares disbursements and program receipts for each program or function of the PHDMC's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which PHDMC is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of PHDMC, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of PHDMC.

2. Fund Financial Statements

During the year, PHDMC segregates transactions related to certain PHDMC functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of PHDMC at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

PHDMC 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. Funds are used to segregate resources that are restricted as to use. PHDMC utilizes the governmental category of funds only; it does not have any fiduciary funds.

1. Governmental Funds

Governmental funds are those through which all governmental functions of PHDMC are financed. The following are PHDMC's major governmental funds:

- a. General Fund:** This fund accounts for and reports all financial resources that are not accounted for and reported in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred according to the general laws of Ohio.
- b. Federal Fund:** This fund accounts for and reports federal grant monies that are restricted to expenditure to meet requirements of the grants, whether received directly from the federal government or from the State in the form of a pass-through.
- c. Air Pollution Fund:** This fund accounts for and reports financial resources that are restricted to expenditure for monitoring and controlling air pollution within Montgomery and surrounding counties.
- d. Capital Project Fund:** This fund accounts for and reports financial resources that are committed to expenditure for the repair and maintenance of various health centers and to purchase/replace other capital items as needed.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Governmental Fund: This fund accounts for and reports other resources whose use is restricted, committed or assigned to a particular purpose, such as the food protection program.

C. Basis of Accounting

PHDMC's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in PHDMC's financial records and reported in the financial statements when cash is received, rather than when earned. Likewise, disbursements are recorded when cash is paid, rather than when a liability is incurred. Any such modifications made by PHDMC are described in the appropriate section in this note.

As a result of using this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for services billed or provided but not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund level for all funds. Individual grants are limited to their approved budget; the Board must approve any increase or decrease.

ORC Section 5705.28 (C) (1) requires PHDMC to file an estimate of contemplated revenue and expenses with the municipalities and townships within the health district by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for general health districts, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, PHDMC must adopt an appropriation measure for the next fiscal year. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, PHDMC may transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts also automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Health during the year.

E. Cash and Investments

The Montgomery County Treasurer is the custodian for PHDMC's cash and investments. The County's cash and investment pool holds PHDMC's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from: Montgomery County Treasurer, 451 W. Third Street, Dayton, OH 45422-1475, 937-225-4010.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

PHDMC reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

PHDMC recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

K. Long-Term Obligations

The cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an Other Financing Source nor a Capital Outlay expenditure is reported at inception. Lease payments are reported when paid.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position is reported as restricted when there are limitations imposed on assets' use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

PHDMC's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

M. Fund Balance

Fund balance is divided into the following classifications based primarily on the extent to which PHDMC is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Restricted – Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by PHDMC for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health 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 contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

PHDMC 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.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as Other Financing Sources/Uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

3. CASH AND CASH EQUIVALENTS

The Montgomery County Treasurer maintains a cash pool used by all of the County's funds, including those of PHDMC. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of PHDMC's deposits with the Montgomery County Commissioners was \$21,049,807. The Montgomery County Treasurer is the fiscal agent for the PHDMC and is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposit accounts.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis is presented for the general fund and each major special revenue fund. This group of reports is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

| | |
|---|--------------------|
| General Fund | \$1,272,275 |
| Major Special Revenue Funds: | |
| Federal Fund | 291,537 |
| Air Pollution Fund | 21,564 |
| Other Funds | <u>16,402</u> |
| Total Encumbrances at December 31, 2015 | <u>\$1,601,778</u> |

5. PROPERTY TAXES

The County Commissioners have established a Human Services Levy Council (HSLC) in which PHDMC participates. Distribution of Levy funds to the participating agencies is on a semi-annual basis in accordance with HSLC recommendations. Currently the combined millage for the two levies is 13.24. The HSLC has established a policy regarding agencies maintaining fund balances: each levy agency shall strive to maintain its fund balances, to the extent possible, at about 9% of budgeted expenses on average.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including PHDMC. The County Auditor periodically remits to PHDMC its portion of the taxes collected.

6. INTER-FUND RECEIVABLES/PAYABLES

There were no loans or cash advances made between the individual funds during the year; therefore, no inter-fund payable or receivable balances existed at December 31, 2015.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

7. RISK MANAGEMENT

A. Risk Pool Membership

The PHDMC 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, 2015, 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

The PEP's financial statements, audited by other accountants, conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

| | 2014 | 2015 |
|-------------------|--------------|--------------|
| Assets | \$35,402,177 | \$38,307,677 |
| Liabilities | (12,363,257) | (12,759,127) |
| Retained Earnings | \$23,038,920 | \$25,548,550 |

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, PHDMC's share of these unpaid claims collectible in future years is approximately \$114,000.

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.

| Contributions to PEP | |
|-----------------------------|-------------|
| 2015 | 2014 |
| \$180,998 | \$183,029 |

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

B. Commercial Insurance Coverage

PHDMC is exposed to various risks of property and casualty losses, and injuries to employees. For the period January 1 through December 31, 2015, PHDMC contracted with the Public Entities Pool of Ohio for third-party claims coverage, with a single occurrence limit of \$5,000,000, no aggregate limit and a \$2,500 deductible.

Professional liability is protected at the level of \$5,000,000 for each single occurrence, no aggregate limit and a \$2,500 deductible.

Vehicle physical damage has a \$1,000 deductible for collision and a \$500 deductible for comprehensive and is covered to the actual cash value.

Blanket real and personal property including boiler and machinery coverage has a limit of \$11,439,211 and a \$1,000 deductible.

Settled claims have not exceeded this insurance coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

C. Workers' Compensation

Montgomery County manages the Workers' Compensation program in which PHDMC participates. Allocation of the cost to PHDMC takes place annually.

8. EMPLOYEE BENEFITS

A. Health Insurance

PHDMC offers health, dental and vision coverage to its employees. Open enrollment occurs annually in the spring, with an effective coverage date of July 1st each year. Health insurance and pharmacy benefits are provided through Anthem. Employees have the option of participating in a High Deductible Health Plan with a Health Savings Account (HSA). Employees who are covered under another health plan receive a waiver payment. The HSA accounts are set up through Mellon Bank, and employees make pre-tax contributions via payroll deduction. PHDMC offers a matching contribution up to \$1,000 for each enrolled employee in the HSA plan.

Employees may also elect to participate in a Flexible Spending Account (FSA), which allows them to set aside funds to cover out-of-pocket expenses for medical care and/or dependent child care expenses. Voluntary employee payroll deductions fund the plan, and employees file their own claims. The FSA is administered by FlexBank, Inc., and PHDMC pays an administrative fee of \$4.50 per month per participating employee.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

8. EMPLOYEE BENEFITS (Continued)

In addition, PHDMC provides dental and vision benefits through Superior Dental. Life insurance is provided through Companion Life, at a dollar value of one times the annual salary for full-time employees. Employees also have access to short term disability, additional life and accidental insurance, for which the employees pay the full cost.

B. Tuition Reimbursement Program

PHDMC offers a program to reimburse a limited number of employees for tuition and other institutional fees associated with obtaining a Master of Public Health degree at a college or university approved by the Health Commissioner. Upon successful completion of courses, and with accompanying receipts for the costs, PHDMC will reimburse the employee 70 percent of his/her costs. The employee must agree to remain employed with the PHDMC for a minimum of three years after graduation, or repay up to 90 percent of the total reimbursement received.

C. Continuing Education Program

PHDMC offers 100 percent reimbursement, up to \$1,500 per year per person, for costs associated with college or university courses that benefit the employee in maintaining, enhancing, or remaining current with new methodologies. All courses are subject to prior approval by management, and a minimum grade is required to receive reimbursement.

9. DEFINED BENEFIT PENSION PLANS - Ohio Public Employees Retirement System (OPERS)

Plan Description –PHDMC participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a defined benefit pension plan where OPERS manages the investment of the employee and employer contributions. The Member-Directed Plan is a defined contribution plan in which the member invests both member and a portion of employer contributions. Under the Member-Directed Plan, members direct how contributions are invested and bear sole responsibility for the investment risk. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to ensure that funds are available to pay the defined benefit portion of the Combined Plan. Employee contributions are deposited in the member's individual account and invested by the member into one or more OPERS investment options. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2015, member and employer contribution rates were consistent across all three plans. Members in the state and local divisions may participate in all three plans.

The 2015 member contribution rate was 10.00% of covered payroll for members in state and local classifications. The 2015 employer contribution rate for state and local employers was 14.00% of covered payroll.

PHDMC's required contributions for pension obligations for the years ended December 31, 2015, 2014, and 2013 were \$1,869,975, \$ 1,857,473, and \$1,925,062, respectively. The full amount has been contributed for each of these years.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

Plan Description – OPERS administers three separate pension plans, as described in Note 8.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed at a rate of 14.00% of covered payroll; this is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

The OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2015. Effective January 1, 2015, the portion of employer contributions allocated to healthcare will remain at 2 % for both plans, as recommended by the OPERS Actuary.

The OPERS Board of Trustees is also authorized to establish rules for the retirees or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

PHDMC's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$267,139, \$265,247 and \$137,449, respectively; the full amount has been contributed for each of these years.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

11. LEASES

PHDMC leases several sites for its operations. PHDMC disbursed \$1,155,545 to pay lease costs for the year ended December 31, 2015. All leases include cancellation provisions. The largest lease is for the Reibold Building, at \$749,385 for the current year. The current lease expires December 31, 2018, and the agreement limits the annual increase to 5 percent per year.

12. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which PHDMC is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| | <u>General Fund</u> | <u>Federal Fund</u> | <u>Air Pollution Fund</u> | <u>Capital Project Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------|-------------------------|-------------------------|-----------------------------------|-------------------------------------|---|---|
| Restricted for: | | | | | | |
| Federal Fund Programs | | \$2,566,483 | | | | \$2,566,483 |
| Air Pollution Program | | | \$1,461,709 | | | 1,461,709 |
| Total Restricted | | <u>2,566,483</u> | <u>1,461,709</u> | | | <u>4,028,192</u> |
| Committed to: | | | | | | |
| Capital Projects and Equipment | | | | \$2,885,862 | | 2,885,862 |
| Food Service Program | | | | | \$556,664 | 556,664 |
| Total Committed | | | | <u>2,885,862</u> | <u>556,664</u> | <u>3,442,526</u> |
| Assigned to: | | | | | | |
| Encumbrances - General Fund | \$1,272,275 | | | | | 1,272,275 |
| Subsequent Year Appropriations | 10,330,379 | | | | | 10,330,379 |
| Total Assigned | <u>11,602,654</u> | | | | | <u>11,602,654</u> |
| Unassigned (deficits): | <u>1,976,435</u> | | | | | <u>1,976,435</u> |
| Total Fund Balances | <u>\$13,579,089</u> | <u>\$2,566,483</u> | <u>\$1,461,709</u> | <u>\$2,885,862</u> | <u>\$556,664</u> | <u>\$21,049,807</u> |

13. INTERFUND TRANSFERS

During 2015 the following transfers were made:

| <u>Transfers To</u> | <u>Transfers From General</u> |
|----------------------|-----------------------------------|
| Air Pollution Fund | \$389,000 |
| Capital Project Fund | 800,000 |
| Total | <u>\$1,189,000</u> |

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The general fund transfers to other governmental funds were made to provide additional resources for current operations and capital improvements.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

14. CONTRACTUAL COMMITMENTS

At December 31, 2015, PHDMC had \$670,076 in contractual commitments for services. Some of these commitments will be funded by federal and state program grants. Below is a list of the most significant contract amounts and vendors:

| <u>Vendor Name</u> | <u>Amount</u> |
|--|-------------------------|
| Wright State Physicians | \$63,069 |
| Wright State University | 56,206 |
| Taft Stettinius & Hollister | 41,540 |
| University of Nebraska | 40,000 |
| Charles E. Russell | 38,359 |
| Cirrus Concept Consulting | 38,186 |
| Supplemental Health Care | 32,458 |
| Ohio State University | 30,892 |
| Verizon Wireless | 24,689 |
| Merchants Security Service | 23,746 |
| William T. Burkhart | 22,937 |
| Miami Valley Hospital | 21,875 |
| Clark County Combined Health District | 16,500 |
| Darke County General Health District | 14,800 |
| Aids Resource Center | 14,593 |
| Preble County General Health District | 13,841 |
| Miami County Health District | 13,536 |
| Champaign County | 13,226 |
| Greene County Combined Health District | 13,114 |
| Riverside Computing Inc | 11,614 |
| Global Environmental Services LLC | 10,857 |
| Shelby County Ohio | 9,553 |
| Centering Healthcare Institute Inc. | 9,250 |
| Miami Valley Interpreters LLC | 8,748 |
| Sandra Kimball Murnen | 6,880 |
| Vocalink Inc. | 6,212 |
| Northwoods Consulting Partners Inc. | 6,150 |
| Planned Parenthood Southwest Ohio | 6,000 |
| Diane E. Zucker | 5,500 |
| Eclinicalworks LLC | 5,470 |
| Subtotal | <u>619,801</u> |
| Other Contracts (less than \$5,000 each) | <u>50,275</u> |
| Total | <u><u>\$670,076</u></u> |

15. CONTINGENT LIABILITIES

Grants

Amounts grantor agencies pay to PHDMC are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

16. SUBSEQUENT EVENT

PHDMC's projected 2015 fund balance was \$ 13,274,273 which was in excess of the 9% Human Services levy reserve policy. The Human Services Levy Council recommended that \$ 2,820,000 be maintained by PHDMC to fund the Community Health Improvement Plan implementation. The plan includes programming to reduce infant mortality, reduce the use of nicotine and tobacco and reduce the number of unintentional drug overdoses. The remaining excess reserve balance of \$ 10,454,273 was required to be returned to the levy.

The revised 2016 Human Services fund allocation is

| | |
|-------------------------------|-----------------------|
| Original Allocation | \$ 15,796,000 |
| Excess Reserve to be returned | <u>\$(10,454,273)</u> |
| Adjusted Allocation | \$ 5,341,727. |

This page intentionally left blank.

**PUBLIC HEALTH - DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Passed Through to Subrecipients | Expenditures |
|--|---|------------------------------------|--|---------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| <i>Passed Through Ohio Department of Health</i> | | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 057-1-001-1-WA-08-15 | 10.557 | | \$1,637,232 |
| | 057-1-001-1-WA-09-16 | 10.557 | | 464,828 |
| Total Special Supplemental Nutrition Program for Women, Infants, and Children | | | | <u>2,102,060</u> |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | |
| <i>Direct Aid</i> | | | | |
| Air Pollution Control Program Support | A-00526414 | 66.001 | | 379,688 |
| | A-00526415 | 66.001 | | 97,465 |
| Total Air Pollution Control Program Support | | | | <u>477,153</u> |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | PM-98577206 | 66.034 | | 213,448 |
| <i>Passed Through Ohio Department of Health</i> | | | | |
| State Indoor Radon Grants | 057-1-001-2-IR-08-15 | 66.032 | | 25,749 |
| | 057-1-001-2-IR-09-16 | 66.032 | | 4,335 |
| Total State Indoor Radon Grants | | | | <u>30,084</u> |
| Total U.S. Environmental Protection Agency | | | | <u>720,685</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| <i>Passed Through Ohio Department of Health</i> | | | | |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | 05710012PH0716 | 93.074 | | 347,085 |
| | 05710012EB0116 | 93.074 | | 5,715 |
| Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | | | | <u>352,800</u> |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 05710022TB0616 | 93.116 | | 34,902 |
| Immunization Cooperative Agreements | 05710012IM0815 | 93.268 | | 103,111 |
| HIV Prevention Activities Health Department Based | 05710012HP0815 | 93.940 | \$127,465 | 341,756 |
| Preventative Health Services Sexually Transmitted Diseases Control Grants | 05710012ST0715 | 93.977 | | 61,644 |
| Maternal and Child Health Services Block Grant to the States | 05710011MC0815 | 93.994 | | 140,183 |
| PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds | 05710012TS0114 | 93.539 | | 583 |
| Preventative Health and Health Services block grant funded solely with Prevention and Public Health Funds (PPHF) | 05710014CC0615 | 93.758 | | 163,209 |
| State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) | 05710014PO0115 | 93.757 | | 315,351 |
| | 05710014PO0216 | 93.757 | | 9,033 |
| Total State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) | | | | <u>324,384</u> |
| <i>Passed through Wright State University</i> | | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 5U79SP016434-05 | 93.243 | | 17,823 |
| | 1H79TI025816-01 | 93.243 | | 6,536 |
| Total Substance Abuse and Mental Health Services Projects of Regional and National Significance | | | | <u>24,359</u> |
| <i>Passed through National Association of County and City Health Officials</i> | | | | |
| Medical Reserve Corps Small Grant Program | 1H1TEP150026-01-00 | 93.008 | | 1,347 |
| <i>Passed through Ohio Department of Job and Family Services</i> | | | | |
| Refugee and Entrant Assistance State Administered Programs | G-1617-17-0024 | 93.566 | | 38,916 |
| | G-1415-17-0843 | 93.566 | | 134,514 |
| Total Refugee and Entrant Assistance State Administered Programs | | | | <u>173,430</u> |
| Total U.S. Department of Health and Human Services | | | 127,465 | <u>1,721,708</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$127,465</u> | <u>\$4,544,453</u> |

The accompanying notes are an integral part of this schedule.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Public Health – Dayton & Montgomery County (the PHDMC) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of PHDMC it is not intended to and does not present the financial position, changes in net position, or cash flows of PHDMC.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. PHDMC has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require PHDMC to contribute non-Federal funds (matching funds) to support the Federally-funded programs. PHDMC has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D – SAPT BLOCK GRANT

The Center for Alcoholism and Drug Addiction Services (CADAS) is a department of PHDMC. CADAS receives a Block Grant for Prevention and Treatment of Substance Abuse (SAPT) CFDA #93.959 from Montgomery County Alcohol Drug and Mental Health Services Board (ADAMHS) to provide prevention, identification, education, referral and community based services for alcohol and drug users.

Based on the agreement between ADAMHS and CADAS, SAPT monies disbursed by ADAMHS to CADAS are considered contractual and not pass through or sub-recipient. ADAMHS reports to SAPT monies on their Federal Awards Expenditures Schedule. These monies will not be reported on PHDMC's schedule.

NOTE E – COMMINGLING

Federal monies received are commingled with other state and local revenues for the following programs:

- Maternal and Child Health Services Block Grant to States (CFDA 93.994)
- Immunization Cooperative Agreements (CFDA 93.268)
- State Indoor Radon Grants (CFDA 66.032)
- Air Pollution Control Program Support (CFDA #66.001)
- HIV Prevention Activities – Health Department Based (CFDA #93.940)

When reporting expenditures on this Schedule, PHDMC assumes it expends federal monies first.

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

NOTE F – MEDICAID REIMBURSEMENT CLAIMING AND REFUGEE SCREENINGS

PHDMC receives Medicaid Administrative Claiming (MAC) reimbursements (CFDA #93.778) from the Ohio Department of Health (ODH). Based on the agreement between ODH and PHDMC, MAC reimbursements disbursed by ODH to PHDMC are not considered federal dollars. In 2015, PHDMC spent \$265,738 of the MAC reimbursements from the Ohio Department of Health. The monies are not reported on PHDMC's federal schedule.

NOTE G - SUBRECIPIENTS

The PHDMC passes certain federal awards received from the Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As Note B describes, the PHDMC reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the PHDMC has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

This page intentionally left blank.



Dave Yost • Auditor of State

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

Public Health – Dayton & Montgomery County
Montgomery County
117 South Main Street
Dayton, Ohio 45422

To the Board of Health:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Health – Dayton & Montgomery County, Montgomery County, (the PHDMC) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 5, 2016, wherein we noted the PHDMC uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered PHDMC'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 PHDMC'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 PHDMC'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the PHDMC'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 PHDMC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the PHDMC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

October 5, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Public Health – Dayton & Montgomery County
Montgomery County
117 South Main Street
Dayton, Ohio 45422

To the Board of Health:

Report on Compliance for the Major Federal Program

We have audited the Public Health – Dayton & Montgomery County's (the PHDMC) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the PHDMC's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the PHDMC's major federal program.

Management's Responsibility

The PHDMC's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the PHDMC's compliance for the PHDMC's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHDMC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the PHDMC's major program. However, our audit does not provide a legal determination of the PHDMC's compliance.

Opinion on the Major Federal Program

In our opinion, the PHDMC complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

The PHDMC's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the PHDMC's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the PHDMC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 5, 2016

**PUBLIC HEALTH – DAYTON & MONTGOMERY COUNTY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unmodified |
| <i>(d)(1)(ii)</i> | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material weaknesses in internal control reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unmodified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Special Supplemental Nutrition Program for Women, Infants and Children (CFDA #10.557) |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee under 2 CFR §200.520? | No |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

This page intentionally left blank.



Dave Yost • Auditor of State

PUBLIC HEALTH – DAYTON AND MONTGOMERY COUNTY

MONTGOMERY 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
NOVEMBER 10, 2016**