



OHIO AUDITOR OF STATE  
**KEITH FABER**





**DARKE COUNTY GENERAL HEALTH DISTRICT  
DARKE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Darke County General Health District  
Darke County  
300 Garst Avenue  
Greenville, Ohio 45331

To the Board of Health:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Darke County General Health District, Darke County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Darke County General Health District, Darke County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

December 30, 2019

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes			
Charges for Services	\$433,544	\$35,414	\$468,958
Fines, License and Permits	69,106	381,255	450,361
Intergovernmental:			
Grants	0	282,656	282,656
Non Grants	43,874	138,463	182,337
Other	68,946	190,062	259,008
Local	273,783	0	273,783
Earnings on Investments	0	0	0
Reimbursements/Refunds	5,608	4,277	9,885
Miscellaneous	0	10,272	10,272
<i>Total Cash Receipts</i>	<u>894,861</u>	<u>1,042,399</u>	<u>1,937,260</u>
<b>Cash Disbursements</b>			
Current:			
Salaries	529,498	492,825	1,022,323
Health/Life Insurance	99,904	63,960	163,864
PERS/FICA/Medicare	79,415	75,404	154,819
Workers Compensation	7,420	6,372	13,792
Supplies	105,129	10,745	115,874
Utilities	13,661	2,932	16,593
Professional Development	9,415	4,907	14,322
Professional & Consultant Services	16,347	161,057	177,404
Bond/Property Insurance	4,596	438	5,034
Maintenance and Repairs	4,221	8,826	13,047
Equipment		1,208	1,208
Other Services	6,462	10,384	16,846
Refunds/Reimbursements	5,049	33,134	38,183
Disbursements to State	58,760	30,774	89,534
Capital Outlay			0
<i>Total Cash Disbursements</i>	<u>939,877</u>	<u>902,966</u>	<u>1,842,843</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,016)</u>	<u>139,433</u>	<u>94,417</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	18,000	25,000	43,000
Advances Out	(25,000)	(18,000)	(43,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(7,000)</u>	<u>7,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(52,016)	146,433	94,417
<i>Fund Cash Balances, January 1</i>	<u>167,038</u>	<u>231,868</u>	<u>398,906</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	378,301	378,301
Assigned	2,281	0	2,281
Unassigned (Deficit)	112,741	0	112,741
<i>Fund Cash Balances, December 31</i>	<u>\$115,022</u>	<u>\$378,301</u>	<u>\$493,323</u>

See accompanying notes to the basic financial statements.

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# Darke County General Health District

*Darke County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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## **Note 1 - Reporting Entity**

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

The District maintains direct fiscal control over the funds deposited with the Darke County Treasurer. The Darke County Auditor serves as the fiscal agent.

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

## **Note 2 - Summary of Significant Accounting Policies**

### ***Basis of Presentation***

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

### ***Fund Accounting***

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

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

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

- **Health/Help Me Grow Fund** –This fund receives revenue from a grant fund to provide services for early prenatal and well-baby care for Darke County residents.
- **Immunization Action Grant** - This fund receives revenue from a grant to assist in providing immunization services for Darke County residents.
- **Emergency Preparedness** - This fund receives revenue from a grant to assist in upgrading the District's ability to effectively respond to a range of public health threats.
- **Food Service Fund**- This fund receives revenue from the sale of licenses to prepare food for public consumption.
- **Trailer Court Camps**- This fund receives revenue from the sale of permits to trailer courts and campgrounds.

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

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- **Private Water Systems Fund**- This fund receives revenue from well permits and the testing of water samples.
- **Solid Waste Fund**- This fund receives the proceeds assessed by the County on the hauling of solid waste.
- **Sewage Treatment Systems**- This fund receives revenue from Installer Registrations, Service Providers, Scavenger Permits, septic permits, operational & maintenance permits, and special services.
- **Swimming Pools**- This fund receives revenue from the sale of licenses to operate public and/or private swimming pools.
- **Medical Reserve**- This fund receives revenue for training on emergency preparedness.
- **Mosquito Grant**- This fund receives revenue from a grant for efforts to mitigate and prevent the spread of mosquito-borne illnesses.
- **OH EPA WPCLF (HSTS)**- This fund receives revenue from the state of Ohio for repair/replacement of household sewage treatment systems in Darke County.
- **Get Vaccinated Ohio Grant**- This fund receives revenue from Grant to raise and maintain childhood and adolescent immunization rates and reduce coverage disparities by race, ethnicity, disability status and socioeconomic status in Ohio.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Non-spendable** The District classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

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

**Un-assigned** Un-assign fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the un-assigned classification is used only to report a deficit balance.

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

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

**Note 3 - Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$912,862	\$912,862	\$0
Special Revenue	1,067,397	1,067,397	0
Total	\$1,980,259	\$1,980,259	\$0

  

Fund Type	Authority	Expenditures	Variance
General	\$1,079,900	\$967,157	\$112,743
Special Revenue	1,171,562	923,094	248,468
Total	\$2,251,462	\$1,890,251	\$361,211

**Note 4 - Deposits and Investments**

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

**Note 5 – Inter-fund Balances**

*Advances*

Outstanding advances at December 31, 2018, consisted of \$47,000 advanced to Darke County General Health funds to provide working capital for operations or projects as follows:

Help Me Grow	\$19,000
OH EPA WPCLF	3,000
2019 PHEP Grant	25,000

**Note 6 – Risk Pool Membership**

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

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

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

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

Five of the District’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 1 percent of the employer contribution to fund these benefits.

**Note 9 – Intergovernmental Funding**

***Intergovernmental Funding***

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

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services	\$389,102	\$30,563	\$419,665
Fines, License and Permits	47,528	353,075	400,603
<b>Intergovernmental:</b>			
Grants	0	460,930	460,930
Non Grants	54,406	67,296	121,702
Other	61,322	146,760	208,082
Local	270,129	0	270,129
Reimbursements/Refunds	4,673	3,156	7,829
Miscellaneous	0	2,876	2,876
<i>Total Cash Receipts</i>	<u>827,160</u>	<u>1,064,656</u>	<u>1,891,816</u>
<b>Cash Disbursements</b>			
Current:			
Salaries	506,752	431,662	938,414
Health/Life Insurance	82,629	50,253	132,882
PERS/FICA/Medicare	76,496	64,983	141,479
Workers Compensation	6,828	6,079	12,907
Supplies	114,773	37,015	151,788
Utilities	13,953	846	14,799
Professional Development	9,354	5,599	14,953
Professional & Consultant Services	28,292	297,906	326,198
Bond/Property Insurance	4,253	288	4,541
Maintenance and Repairs	4,626	7,233	11,859
Other Services	3,408	10,833	14,241
Refunds/Reimbursements	5,416	17,824	23,240
Disbursements to State	53,875	56,417	110,292
Capital Outlay	0	43,754	43,754
<i>Total Cash Disbursements</i>	<u>910,655</u>	<u>1,030,692</u>	<u>1,941,347</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(83,495)</u>	<u>33,964</u>	<u>(49,531)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	40,000	31,000	71,000
Advances Out	(31,000)	(40,000)	(71,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>9,000</u>	<u>(9,000)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(74,495)</u>	<u>24,964</u>	<u>(49,531)</u>
<i>Fund Cash Balances, January 1</i>	<u>241,533</u>	<u>206,904</u>	<u>448,437</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	231,868	231,868
Assigned	825	0	825
Unassigned (Deficit)	166,213	0	166,213
<i>Fund Cash Balances, December 31</i>	<u>\$167,038</u>	<u>\$231,868</u>	<u>\$398,906</u>

*See accompanying notes to the basic financial statements*

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

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**Note 1 - Reporting Entity**

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**Note 2 - Summary of Significant Accounting Policies**

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- **Health/Help Me Grow Grant Fund** –This fund receives revenue from a grant to provide services for County residents.
- **Immunization Action Grant** - This fund receives revenue from a grant to assist in providing immunization services for County residents.
- **Emergency Preparedness** - This fund receives revenue from a grant to assist in upgrading the District's ability to effectively respond to a range of public health threats.
- **Food Service Fund**- This fund receives revenue from the sale of licenses to prepare food for public consumption.
- **Trailer Court Camps**- This fund receives revenue from the sale of permits to trailer courts and campgrounds.

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

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- **Private Water Systems Fund**- This fund receives revenue from well permits and the testing of water samples.
- **Solid Waste Fund**- This fund receives the proceeds assessed by the County on the hauling of solid waste.
- **Sewage Treatment Systems**- This fund receives revenue from Installer Registrations, Service Providers, Scavenger Permits, septic permits, operational & maintenance permits, and special services.
- **Swimming Pools**- This fund receives revenue from the sale of licenses to operate public and/or private swimming pools.
- **Medical Reserve**- This fund receives revenue for training on emergency preparedness.
- **Mosquito Grant**- This fund receives revenue from a grant for efforts to mitigate and prevent the spread of mosquito-borne illnesses.
- **OH EPA WPCLF (HSTS)**- This fund receives revenue from the state of Ohio for repair/replacement of household sewage treatment systems in Darke County.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

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

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A summary of 2017 budgetary activity appears in Note 3.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

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

**Note 3 - Budgetary Activity**

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$867,160	\$867,160	\$0
Special Revenue	1,095,656	1,095,656	0
Total	\$1,962,816	\$1,962,816	\$0

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,108,693	\$942,480	\$166,213
Special Revenue	1,264,413	1,073,132	191,281
Total	\$2,373,106	\$2,015,612	\$357,494

**Note 4 - Deposits and Investments**

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

**Note 5 – Inter-fund Balances**

*Advances*

Outstanding advances at December 31, 2017, consisted of \$40,000 advanced to Darke County General Health funds to provide working capital for operations or projects as follows:

Help Me Grow	\$19,000
OH EPA WPCLF	3,000
Immunization Action Grant	2,000
2018 PHEP Grant	16,000

**Note 6 – Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

## Darke County General Health District

*Darke County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2017*

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The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York), functions as the administrator of PEP, and provides underwriting, claims, loss control, risk management, and reinsurance service 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 pay 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 risk up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

### Financial Position

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

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

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$2,285.

Based on discussion 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.

<b><u>2017 Contributions to PEP</u></b>
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<b><u>\$3,627</u></b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Social Security***

Five of the District's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 1 percent of the employer contribution to fund these benefits.

**Note 9 – Intergovernmental Funding**

***Intergovernmental Funding***

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

# OHIO AUDITOR OF STATE KEITH FABER



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

Darke County General Health District  
Darke County  
300 Garst Avenue  
Greenville, Ohio 45331

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 financial statements of the cash balances, receipts, and disbursements by fund type of the Darke County General Health District, Darke County, (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 30, 2019, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Keith Faber  
Auditor of State

Columbus, Ohio

December 30, 2019



OHIO AUDITOR OF STATE  
**KEITH FABER**



**DARKE COUNTY GENERAL HEALTH DISTRICT**

**DARKE 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  
JANUARY 28, 2020**