



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013
Fiscal Years Audited Under GAGAS: 2014 and 2013



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Brown County District Board of Health, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Brown County District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 13, 2015

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Brown County District Board of Health
Brown County, Ohio
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For the Fiscal Years Ended December 31, 2014 and 2013

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

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

To the District Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Brown County District Board of Health, Brown County, (the District), as of and for the years ended December 31, 2014 and 2013.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D); this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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 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 opinion.

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

As described in Note 1 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 permitted 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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Brown County District Board of Health, Brown County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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) permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the District's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 5, 2015

Brown County District Board of Health
Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Intergovernmental	\$ 113,224	\$ 118,079	\$ 231,303
Licenses, Permits, and Fees	107,837	121,820	229,657
Charges for Services	309,769	9,131	318,900
Miscellaneous	76	600	676
	<u>530,906</u>	<u>249,630</u>	<u>780,536</u>
<i>Total Cash Receipts</i>			
	<u>530,906</u>	<u>249,630</u>	<u>780,536</u>
Cash Disbursements			
Current:			
Health:			
Salaries	188,948	137,974	326,922
Fringe Benefits	103,201	30,466	133,667
Supplies	24,461	4,717	29,178
Remittances to State	69,392	9,288	78,680
Equipment	-	4,911	4,911
Contracts - Services	51,858	27,650	79,508
Travel	6,128	6,698	12,826
Other	58,142	3,976	62,118
	<u>502,130</u>	<u>225,680</u>	<u>727,810</u>
<i>Total Cash Disbursements</i>			
	<u>502,130</u>	<u>225,680</u>	<u>727,810</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>28,776</u>	<u>23,950</u>	<u>52,726</u>
Other Financing Receipts/(Disbursements)			
Transfers In	-	7,413	7,413
Transfers Out	(7,413)	-	(7,413)
	<u>(7,413)</u>	<u>7,413</u>	<u>-</u>
<i>Total Other Financing Receipts/(Disbursements)</i>			
	<u>(7,413)</u>	<u>7,413</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	21,363	31,363	52,726
<i>Fund Cash Balances, January 1</i>	<u>537,737</u>	<u>139,124</u>	<u>676,861</u>
Fund Cash Balances, December 31			
Committed	63,733	-	63,733
Restricted	-	170,487	170,487
Assigned	306,169	-	306,169
Unassigned (Deficit)	189,198	-	189,198
	<u>189,198</u>	<u>-</u>	<u>189,198</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 559,100</u>	<u>\$ 170,487</u>	<u>\$ 729,587</u>

See accompanying notes to the financial statements.

Brown County District Board of Health
Brown County
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2013

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Intergovernmental	\$ 158,227	\$ 57,034	\$ 215,261
Licenses, Permits, and Fees	92,223	124,969	217,192
Charges for Services	330,617	8,340	338,957
Miscellaneous	1,946	877	2,823
<i>Total Cash Receipts</i>	<u>583,013</u>	<u>191,220</u>	<u>774,233</u>
Cash Disbursements			
Current:			
Health:			
Salaries	179,078	142,227	321,305
Fringe Benefits	93,687	20,598	114,285
Supplies	20,859	4,242	25,101
Remittances to State	72,733	8,740	81,473
Equipment	-	1,100	1,100
Contracts - Services	47,857	18,524	66,381
Travel	6,387	7,381	13,768
Other	42,628	2,348	44,976
<i>Total Cash Disbursements</i>	<u>463,229</u>	<u>205,160</u>	<u>668,389</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>119,784</u>	<u>(13,940)</u>	<u>105,844</u>
Other Financing Receipts/(Disbursements)			
Advances In	-	10,000	10,000
Advances Out	(10,000)	-	(10,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	109,784	(3,940)	105,844
<i>Fund Cash Balances, January 1 - Restated</i>	<u>427,953</u>	<u>143,064</u>	<u>571,017</u>
Fund Cash Balances, December 31			
Committed	63,733	-	63,733
Restricted	-	139,124	139,124
Assigned	306,169	-	306,169
Unassigned (Deficit)	167,835	-	167,835
<i>Fund Cash Balances, December 31</i>	<u>\$ 537,737</u>	<u>\$ 139,124</u>	<u>\$ 676,861</u>

See accompanying notes to the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Brown County District Board of Health, Brown County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related and environmental licenses and permits. The Brown County Auditor serves as fiscal agent for the District and is responsible for fiscal control of the resources.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (continued)

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

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds).

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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

G. 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.

H. 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:

1. Nonspendable

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (continued)

2. 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.

3. 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.

4. 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.

5. 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.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 499,000	\$ 530,906	\$ 31,906
Special Revenue	220,916	257,043	\$ 36,127
Total	\$ 719,916	\$ 787,949	\$ 68,033

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

2. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 499,200	\$ 509,543	\$ (10,343)
Special Revenue	210,916	225,680	\$ (14,764)
Total	<u>\$ 710,116</u>	<u>\$ 735,223</u>	<u>\$ (25,107)</u>

2013 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 448,771	\$ 583,013	\$ 134,242
Special Revenue	242,049	201,220	\$ (40,829)
Total	<u>\$ 690,820</u>	<u>\$ 784,233</u>	<u>\$ 93,413</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 466,146	\$ 473,229	\$ (7,083)
Special Revenue	217,333	205,160	\$ 12,173
Total	<u>\$ 683,479</u>	<u>\$ 678,389</u>	<u>\$ 5,090</u>

3. 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.

Beginning in 2010, the County Commissioners began serving as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$130,400 and \$77,000 in 2014 and 2013, respectively. The financial statements present these amounts as intergovernmental receipts.

4. RETIREMENT SYSTEMS

The District's full-time 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. For 2014 and 2013, 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, 2014.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

5. RISK MANAGEMENT

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

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

6. Transfers

During 2014, the General Fund made a transfer in the amount of \$7,413 to other governmental funds to subsidize activities in that fund. Additionally, during 2013, the General fund made an advance to in the amount of \$10,000 to other governmental funds to subsidize activities in those funds.

7. CONTINGENT LIABILITIES

The District is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District's financial condition.

8. SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to December 31, 2014 through May 20, 2015 (the date the financial statements were available to be issued) for possible adjustments to, or disclosure in the accompanying financial statements as required.



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

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

To the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Brown County District Board of Health, Brown County, (the District) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated June 5, 2015, wherein we noted the District followed financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 5, 2015

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	ORC 3709.28, appropriations exceeded estimated resources	Yes	
2012-002	Ohio Admin. Code, § 117-2-02 (C)(1), estimated receipts and appropriations not matching accounting records	Yes	
2012-003	Material Weakness – Sound financial statements	Yes	



Dave Yost • Auditor of State

BROWN COUNTY DISTRICT BOARD OF HEALTH

BROWN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 23, 2015**