



Dave Yost • Auditor of State

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

General Health District
Mercer County
220 West Livingston Street, Room B152
Celina, Ohio 45822

To the Board:

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 General Health District, Mercer 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 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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the 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.

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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, 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 General Health District, Mercer 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) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 24, 2015

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Charges for Services	\$1,050,844	\$38,377	\$1,089,221
Fines, Licenses and Permits	2,230	108,346	110,576
Intergovernmental	335,000	99,076	434,076
Earnings on Investments	4,375	979	5,354
Total Cash Receipts	<u>1,392,449</u>	<u>246,778</u>	<u>1,639,227</u>
Cash Disbursements:			
Current:			
Health:			
Salaries	344,628	105,968	450,596
Fringe Benefits	131,076	61,612	192,688
Purchased Services	31,846	12,504	44,350
Supplies/Materials	685,574	1,822	687,396
Other	29,225	906	30,131
Remittance to State	36,503	52,554	89,057
Dept of Ag Share		1,526	1,526
Township Share		1,581	1,581
Community Health Assessment	3,834		3,834
Private Health Insurance	8,355		8,355
Total Cash Disbursements	<u>1,271,041</u>	<u>238,473</u>	<u>1,509,514</u>
Excess of Receipts Over (Under) Disbursements	<u>121,408</u>	<u>8,305</u>	<u>129,713</u>
Other Financing Receipts (Disbursements):			
Transfers In		12,764	12,764
Transfers Out	(12,764)		(12,764)
Advances In	7,000		7,000
Advances Out		(7,000)	(7,000)
Total Other Financing Receipts (Disbursements)	<u>(5,764)</u>	<u>5,764</u>	<u></u>
Special Item	<u>(218,936)</u>	<u>(7,003)</u>	<u>(225,939)</u>
Net Change in Fund Cash Balances	(103,292)	7,066	(96,226)
Fund Cash Balances, January 1	<u>354,097</u>	<u>112,203</u>	<u>466,300</u>
Fund Cash Balances, December 31:			
Restricted		119,269	119,269
Assigned	79,043		79,043
Unassigned (Deficit)	171,762		171,762
Fund Cash Balances, December 31	<u>\$250,805</u>	<u>\$119,269</u>	<u>\$370,074</u>

See accompanying notes to the financial statements.

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Charges for Services	\$717,841	\$39,711	\$757,552
Fines, Licenses and Permits	3,758	139,304	143,062
Intergovernmental	361,419	108,277	469,696
Miscellaneous	15,166		15,166
Total Cash Receipts	<u>1,098,184</u>	<u>287,292</u>	<u>1,385,476</u>
Cash Disbursements:			
Current:			
Health:			
Salaries	326,017	113,957	439,974
Fringe Benefits	119,146	58,529	177,675
Purchased/Contract Services	19,127	10,112	29,239
Supplies/Materials	238,013	8,889	246,902
Other	38,840	11,813	50,653
Remittance to State	36,366	67,447	103,813
Dept of Ag Share		1,526	1,526
Township Share		197	197
Community Health Assessment	20,176		20,176
Private Health Insurance	10,163		10,163
Total Cash Disbursements	<u>807,848</u>	<u>272,470</u>	<u>1,080,318</u>
Excess of Receipts Over (Under) Disbursements	<u>290,336</u>	<u>14,822</u>	<u>305,158</u>
Other Financing Receipts (Disbursements):			
Transfers In		8,410	8,410
Transfers Out	(8,410)		(8,410)
Advances In		7,000	7,000
Advances Out	(7,000)		(7,000)
Total Other Financing Receipts (Disbursements)	<u>(15,410)</u>	<u>15,410</u>	<u></u>
Net Change in Fund Cash Balances	274,926	30,232	305,158
Fund Cash Balances, January 1	<u>79,171</u>	<u>81,971</u>	<u>161,142</u>
Fund Cash Balances, December 31:			
Restricted		112,203	112,203
Assigned	64,398		64,398
Unassigned (Deficit)	289,699		289,699
Fund Cash Balances, December 31	<u>\$354,097</u>	<u>\$112,203</u>	<u>\$466,300</u>

See accompanying notes to the financial statements.

**GENERAL HEALTH DISTRICT
MERCER 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 General Health District, Mercer 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 hazard preparedness and issues health-related licenses and permits.

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 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.

C. Deposits and Investments

As required by the Ohio Revised Code, the Mercer 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

Food Service Fund – This fund accounts for the sale of food service licenses.

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trailer Park Fund – This fund accounts for the sale of campground and trailer park licenses.

Swimming Pool Fund – This fund accounts for the sale of public pool and spa licenses.

Construction and Demo Debris (C&DD) Fund – This fund accounts for tipping fees and licenses.

Water System Fund – This fund receives money for permits and fees of well and water testing.

Solid Waste Fund – This fund receives money for sewage permit fees in the County.

Public Health Emergency Preparedness (PHEP) Grant Fund – This fund receives Federal grant money to provide for the development of public health infrastructure.

NACCHO Grant – This fund receives Federal grant money to provide for the development of the Medical Reserve Corps (MRC).

Strategic Teen Immunization Grant (STIR) Fund – This fund receives grant money on a sub grantee basis from Allen County Health District for the purpose of increasing immunization rates for children ages 13-15.

E. Budgetary Process

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

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. 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 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 re-appropriated.

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

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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. Non-spendable

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

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 amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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.

G. 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.

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

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	\$1,225,609	\$1,399,449	\$173,840
Special Revenue	273,140	259,542	(13,598)
Total	<u>\$1,498,749</u>	<u>\$1,658,991</u>	<u>\$160,242</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,248,437	\$1,581,784	(\$333,347)
Special Revenue	252,645	255,310	(2,665)
Total	<u>\$1,501,082</u>	<u>\$1,837,094</u>	<u>(\$336,012)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriations authority for the year ended December 31, 2014 for the General and PHEP funds by \$333,347 and \$35,082 respectively.

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$853,449	\$1,098,184	\$244,735
Special Revenue	148,450	302,702	154,252
Total	<u>\$1,001,899</u>	<u>\$1,400,886</u>	<u>\$398,987</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$687,774	\$887,656	(\$199,882)
Special Revenue	198,800	287,945	(87,308)
Total	<u>\$886,574</u>	<u>\$1,175,601</u>	<u>(\$287,190)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriations authority for the year ended December 31, 2013 for the General and PHEP funds by \$199,882 and \$84,061 respectively.

3. SPECIAL ITEM

The District expended grant money not in accordance with the grant agreements in a prior year. During 2014, the District was required to pay back the money to the granting agency.

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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

4. 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.

5. RETIREMENT SYSTEMS

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. 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.

6. RISK MANAGEMENT

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. 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, 2014, 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.

B. 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, 2013 and 2014

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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

6. RISK MANAGEMENT Continued)

	2013	2014
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Position	\$21,651,689	\$23,038,920

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the District's share of these unpaid claims collectible in future years is approximately \$1,000.

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	
2013	2014
\$4,487	\$1,061

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.

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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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

General Health District
Mercer County
220 West Livingston Street, Room B152
Celina, Ohio 45822

To the Board:

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 General Health District, Mercer 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 November 24, 2015, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

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*.

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Entity's Response to Findings

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

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.

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

November 24, 2015

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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

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

FINDING NUMBER 2014-001

Material Weakness – Financial Statement Receipt and Disbursement Classifications

The District did not properly classify receipt and disbursement transactions. The following errors were noted on the District's annual report:

- A portion of the vaccine revenues in the General Fund was improperly presented on the 2013 and 2014 annual report as Private Insurance instead of Charge for Services in the amounts of \$68,209 and \$38,657 respectively.
- In 2013 landfill license for \$29,900 was improperly recorded as a Charge for Service instead of License, Fines, and Permits in the Solid Waste Fund.
- Fund balances were not correctly classified in accordance with GASB 54 for the Special Revenue Funds. Reclassification in 2014 resulted in \$28,005 from unassigned fund balances to restricted fund balance.
- Fund balances were not correctly classified in accordance with GASB 54 for the General Fund. Reclassification in 2013 and 2014 resulted in \$64,398 and \$79,043 from unassigned fund balances to assigned fund balances for encumbrances outstanding at year end.
- In 2014, an expense was double booked on the financial statements resulting in an adjustment of \$218,936 in the General Fund.
- The Environmental Miscellaneous Fund was not properly presented in accordance with GASB 54 in 2013 or 2014. This resulted in an audit adjustment to move the revenues of \$46,112 and expenditures of \$37,074 from the Special Revenue fund to the General fund for 2013 and revenue of \$43,932 and expenditures of \$50,601 for 2014.

Other less significant adjustments were also noted. In order for the financial statements to be fairly presented, the above adjustments and reclassification were made to the accompanying 2014 and 2013 financial statements.

Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in the correct accounts. The District should also review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly.

Official's Response:

Due to the unintentional actions that were identified in the official's response under Finding Number 2014-001; revenues and disbursement transactions were not classified accurately in the 2013 and 2014 financial statements. There has been turnover in the agency financial staff as well as the Health Commissioner position in 2014 without any training. The Health Department will take the necessary corrective action of collaborating with the County Auditor and developing policy and procedures to ensure fiscal compliance. At the end of the fiscal year 2015 the following will be corrected: The Private Insurance Account will be reflected in the General Fund as part of Charges for Service. The Solid Waste Fund will separate License, Fines, and Permits from Charges for Services. Funds will be correctly classified in the Assigned Fund balance. The Environmental Miscellaneous Fund will be consolidated to the General Fund due to lack of Fund Revenue support.

**GENERAL HEALTH DISTRICT
MERCER 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	Ohio Rev. Code § 3709.28 (C) Establishing Separate Funds to Track General fund money	Yes	Corrected
2012-002	Properly Classifying Receipts and Disbursements	No	Repeated, Finding 2014-001



Dave Yost • Auditor of State

MERCER COUNTY GENERAL HEALTH DISTRICT

MERCER 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 14, 2016**