



Dave Yost • Auditor of State



**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY  
DECEMBER 31, 2015**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2015 .....	5
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) – Fiduciary Fund – For the Year Ended December 31, 2015 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15
Summary Schedule of Prior Audit Findings (Prepared by Management).....	18

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Huron County Public Health  
Huron County  
180 Milan Avenue  
Norwalk, Ohio 44857-1168

To the Members of 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 Huron County Public Health, Huron County, Ohio (the District) as of and for the year ended December 31, 2015.

### ***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.

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, 2015, or changes in financial position thereof for the year 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 Huron County Public Health, Huron County, Ohio as of December 31, 2015, and its combined cash receipts and disbursements for the year 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.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2015, the District restated their beginning fund balances to reclassify a fund to more appropriately reflect the purpose of the fund. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, 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.

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

March 30, 2017

**This page intentionally left blank.**



**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$468,351		\$468,351
Intergovernmental	162,764	\$155,281	318,045
Charges for Services	789,105	14,485	803,590
Licenses, Permits and Fees	333,050	2,456	335,506
Donations	78,155	2,500	80,655
<i>Total Cash Receipts</i>	<u>1,831,425</u>	<u>174,722</u>	<u>2,006,147</u>
<b>Cash Disbursements</b>			
Current Disbursements:			
Salaries, Wages and Benefits	851,811	88,787	940,598
Clinic Supplies	262,231	6,944	269,175
Office Supplies	60,647	5,436	66,083
Equipment	3,610	6,264	9,874
Maintenance and Repair	9,494	1,148	10,642
Contract - Services	57,658	10,385	68,043
Travel and Board	25,907	2,807	28,714
Advertising and Printing	2,256	634	2,890
Public Employees' Retirement	118,830	12,058	130,888
Workers' Compensation	4,742	576	5,318
Medicare	12,253	1,234	13,487
Hospitalization	90,539	8,558	99,097
Program Expenses	79,353		79,353
Remittances to State		17,706	17,706
Other	22,009	418	22,427
<i>Total Cash Disbursements</i>	<u>1,601,340</u>	<u>162,955</u>	<u>1,764,295</u>
<i>Excess of Receipts Over Disbursements</i>	<u>230,085</u>	<u>11,767</u>	<u>241,852</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	12,000	6,000	18,000
Advances Out	(6,000)	(12,000)	(18,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>6,000</u>	<u>(6,000)</u>	
<i>Net Change in Fund Cash Balances</i>	236,085	5,767	241,852
<i>Fund Cash Balances, January 1, Restated</i>	<u>544,408</u>	<u>33,176</u>	<u>577,584</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		17,998	17,998
Committed		21,027	21,027
Assigned	36,663		36,663
Unassigned (Deficit)	743,830	(82)	743,748
<i>Fund Cash Balances, December 31</i>	<u>\$780,493</u>	<u>\$38,943</u>	<u>\$819,436</u>

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

HURON COUNTY PUBLIC HEALTH  
HURON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Agency</u>
<b>Non-Operating Cash Receipts (Disbursements)</b>	
Other Financing Sources	\$63,750
Other Financing Uses	<u>(75,263)</u>
<i>Net Change in Fund Cash Balance</i>	(11,513)
<i>Fund Cash Balance, January 1, Restated</i>	<u>33,067</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$21,554</u></u>

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

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 Huron County Public Health, Huron County, Ohio, (the District) as a body corporate and politic. The District is a combined Board of Health as defined by Section 3709.07 of the Ohio Revised Code. The District is the union of the General Health District and the Board of Health of the Cities of Norwalk and Willard. The District operates under the direction of a seven-member appointed Board of Health with one member appointed by each of the cities, one member appointed by the Licensing Committee and five members appointed by the District Advisory Council. The City of Bellevue appoints a non-voting member to the Board. The Huron County Auditor and Huron County Treasurer are responsible for fiscal control of the resources of the District which are maintained in the funds described below. The District's services include communicable disease investigations, immunization clinic, inspections, public health nursing services and issues health-related licenses and permits.

The District participates in the Public Entities Pool of Ohio public entity risk pool. Note 6 to the financial statements provide additional information for the entity. This organization provides property and casualty coverages for its members.

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 Rev 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 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 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 Rev. Code, the Huron 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.

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**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. The District had the following significant Special Revenue Funds:

Reproductive Health Fund – This fund receives a federal grant and local monies to improve the overall health and well-being of women and men by promoting healthy lifestyles and encouraging the establishment of a reproductive life plan.

Public Health Infrastructure Fund - This fund receives state and federal grant monies to support and enhance local public health infrastructure that is critical to public health preparedness and response.

**3. Fiduciary Fund (Agency Fund)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The District distributes these funds as directed by the individual, organization or other government. The District's Agency Fund accounts for the activity of a not-for-profit organization, Huron County Medical Assistance Program (MAP), for which the District serves as the Program's administrative agent.

**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 Board of Health 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 reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(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. Nonspendable**

The District classifies assets as *nonspendable* 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. 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.

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(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. FUND RECLASSIFICATION**

Beginning in 2015, the Medical Assistance Fund previously classified as a special revenue fund was reclassified to an agency fund as the District deemed this classification more appropriate based on the purpose of the fund. This change in classification had the following effect on fund balances previously reported for the year ended December 31, 2014:

	Special Revenue	Agency
Fund balance December 31, 2014	\$ 66,243	
Fund reclassification	(33,067)	\$ 33,067
Restated fund balance December 31, 2014	<u>\$ 33,176</u>	<u>\$ 33,067</u>

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,680,602	\$1,843,425	\$162,823
Special Revenue	192,732	180,722	(12,010)
Total	<u>\$1,873,334</u>	<u>\$2,024,147</u>	<u>\$150,813</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,743,209	\$1,644,003	\$99,206
Special Revenue	198,867	175,315	23,552
Total	<u>\$1,942,076</u>	<u>\$1,819,318</u>	<u>\$122,758</u>

**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.

The County commissioners serve 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 \$468,351 in 2015. The financial statements present these amounts as property and other local taxes receipts.

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**5. RETIREMENT SYSTEMS**

**A. Ohio Public Employees Retirement System**

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

The Ohio Rev. Code also prescribes contribution rates. For 2015, 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, 2015.

**B. Social Security System**

Several of the District's board members 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, 2015.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$8,000.

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.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$12,209	\$12,038

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. 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.





# Dave Yost • Auditor of State

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

Huron County Public Health  
Huron County  
180 Milan Avenue  
Norwalk, Ohio 44857-1168

To the Members of 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 the cash balances, receipts, and disbursements by fund type of Huron County Public Health, Huron County, Ohio (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated March 30, 2017 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. We also noted the District restated their beginning fund balances to reclassify a fund and more appropriately reflect the purpose of the fund.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

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 a 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. We consider finding 2015-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2015-002 and 2015-003 described in the accompanying schedule of findings to be significant deficiencies.

***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*.

***Entity's Response to Findings***

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

***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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 30, 2017

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2015-001**

**Material Weakness – Financial Reporting**

The District's management is responsible for the fair presentation of the financial statements. Governmental Accounting Standards Board (GASB) Statement No. 54 requires fund balance to be divided into one of five classifications based on the extent to which constraints are imposed upon the resources and sets forth governmental fund type definitions. In addition, budgeted receipts and disbursements approved by the Board should agree to the amounts posted to the accounting system and included in the budgetary note disclosure.

We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2015:

- General Fund unassigned fund balance in the amount of \$36,663 was reclassified to assigned fund balance in accordance with the requirements of GASB 54;
- The Medical Assistance Fund, including all financial activity and budgetary activity, was reclassified from the Special Revenue Fund Type to an Agency Fund in accordance with the requirements of GASB 54;
- Estimated receipts (budgeted receipts) were increased in the Special Revenue Fund Type in the amount of \$41,520 in order to bring amounts reported in the accounting system and notes to the financial statements in line with authorized budget amounts; and
- Appropriations (appropriation authority) were increased in the Special Revenue Fund Type in the amount of \$19,934 in order to bring amounts reported in the accounting system and notes to the financial statements in line with authorized budget amounts.

These errors were not identified and corrected prior to the District preparing its financial statements due to deficiencies in the District's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements, and where applicable, the District's accounting records have been adjusted to reflect these changes. Sound financial reporting is the responsibility of the Director of Administrative Services and the Board of Health and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To help ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Director of Administrative Services and Board of Health, to identify and correct errors and omissions. The Director of Administrative Services can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54: <http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

**Officials' Response:**

DAS will dedicate more time to maintain compliant accounting and budgeting.

## FINDING NUMBER 2015-002

### Significant Deficiency – Monthly Reconciliations

The Huron County Auditor serves as the fiscal agent for the District. The District maintains a separate set of in-house accounting records that provide a more detailed accounting of financial activities and serve as the basis for the preparation of the financial statements subject to audit. The District is not currently performing a monthly reconciliation of in-house accounting records to the Huron County Auditor's accounting system.

The lack of a monthly reconciliation could result in posting errors and/or irregularities not being detected and corrected by management in a timely manner. Additionally, the lack of a reconciliation process could allow for assets to be misappropriated and go undetected.

In an effort to monitor and to help ensure financial activity of the District is being properly accounted for and reported, the District should develop policies and procedures to ensure a monthly reconciliation is performed. This process should include, but is not limited to:

- The Director of Administrative Services, or designated employee(s), reconciling the County Auditor's activity, including receipts, disbursements, and fund balances, to the in-house accounting records each month in a timely manner. Any discrepancies identified should be investigated and immediately corrected and updated in the respective accounting system(s);
- Someone other than person performing reconciliation periodically verify items appearing on the monthly account reconciliation, including, but not limited to authentication of County Auditor account balances, outstanding payments, and deposits in transit; and
- The monthly reconciliations should be reviewed, initialed, and approved. The reconciliations should also be retained on file for review during audit.

### Officials' Response:

As discussed during the audit, the DAS will reconcile monthly to the Huron County Auditor's reports. The reconciliation will be documented in a file for review.

## FINDING NUMBER 2015-003

### Significant Deficiency – Charges for Services Fees

All patient fees should be charged at the rates set by the Board of Health (the Board). We noted ten instances where the patient was charged incorrect fee(s) or the fee(s) charged had not been approved by the Board. These errors were the result of deficiencies in the District's policies and procedures over monitoring patient fee rates. The failure to assess the proper fee(s) as approved by the Board increases the probability that the incorrect fee(s) may be assessed based on services provided, resulting in an unnecessary loss of District funds as the District may not be recovering the costs for services provided.

The Board should approve all fees assessed to District clients. The Director of Administrative Services should ensure the authorized fees are assessed to patients based on services provided.

**FINDING NUMBER 2015-003  
(Continued)**

**Officials' Response:**

Since the audit, DAS has taken action steps to remedy this issue. We reviewed our internal processes and identified the areas of weakness. DAS now has a process in place to be certain board approved fees are being updated in the computer system and reviewed with staff.

**HURON COUNTY PUBLIC HEALTH  
HURON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2015-001 in this report.	Fund balance classification errors were corrected, with the exception of the General. Additional errors in financial reporting were noted during the current audit. The DAS will dedicate more time to maintain compliant accounting and budgeting.



# Dave Yost • Auditor of State

HURON COUNTY PUBLIC HEALTH

HURON 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  
MAY 4, 2017