

313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
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304.232.1358



**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY  
Regular Audit  
For the Years Ended December 31, 2016 and 2015**

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# Dave Yost • Auditor of State

Members of the Board  
Madison County-Loudon City General Health District  
306 Lafayette Street  
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of the Madison County-Loudon City General Health District, Madison County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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 Madison County-Loudon City General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 7, 2017

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**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

June 9, 2017

Madison County - London City General Health District  
Madison County  
306 Lafayette Street  
London, Ohio 43140

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 **Madison County - London City General Health District**, Madison County, (the District) as of and for the years ended December 31, 2016 and 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 of 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.

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

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

Although the effects on the financial statement 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, 2016 and 2015, 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 Madison County - London City General Health District, Madison County as of December 31, 2016 and 2015, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**MADISON COUNTY - LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY**

**COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Subdivisions	\$ 600,670	\$ -	\$ 600,670
Licenses, Fines and Permits	50,597	437,112	487,709
Intergovernmental	215,384	337,618	553,002
Miscellaneous	10,403	2,694	13,097
<i>Total Cash Receipts</i>	<u>877,054</u>	<u>777,424</u>	<u>1,654,478</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	261,385	786,652	1,048,037
Supplies	9,603	97,804	107,407
Travel	3,288	15,105	18,393
Advertising and Printing	2,821	-	2,821
PERS	40,864	108,690	149,554
Medicare	3,635	11,061	14,696
Miscellaneous	50,216	19,336	69,552
Equipment	10,283	-	10,283
Insurance	49,589	107,239	156,828
Remittance to State	-	7,793	7,793
State Permits	-	3,718	3,718
Contract Services	88,312	-	88,312
Workers Comp	2,699	8,804	11,503
Educational/Materials	3,915	-	3,915
Utilities	16,168	-	16,168
<i>Total Cash Disbursements</i>	<u>542,778</u>	<u>1,166,202</u>	<u>1,708,980</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>334,276</u>	<u>(388,778)</u>	<u>(54,502)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	32,529	347,500	380,029
Transfers Out	(347,500)	(32,529)	(380,029)
Advances In	30,000	45,000	75,000
Advances Out	(45,000)	(30,000)	(75,000)
	-	-	-
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(329,971)</u>	<u>329,971</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	4,305	(58,807)	(54,502)
<i>Fund Cash Balances, January 1</i>	<u>929,879</u>	<u>244,861</u>	<u>1,174,740</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	186,054	186,054
Unassigned	934,184	-	934,184
<i>Fund Cash Balances, December 31</i>	<u>\$ 934,184</u>	<u>\$ 186,054</u>	<u>\$ 1,120,238</u>

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

**MADISON COUNTY - LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Subdivisions	\$ 603,137	\$ -	\$ 603,137
Licenses, Fines and Permits	51,754	381,692	433,446
Intergovernmental	207,949	370,354	578,303
Miscellaneous	24,323	3,203	27,526
<i>Total Cash Receipts</i>	<u>887,163</u>	<u>755,249</u>	<u>1,642,412</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	241,084	800,562	1,041,646
Supplies	10,902	42,722	53,624
Travel	4,013	17,375	21,388
Advertising and Printing	2,704	-	2,704
PERS	40,783	108,697	149,480
Medicare	3,350	11,083	14,433
Miscellaneous	48,999	16,674	65,673
Equipment	7,824	-	7,824
Insurance	52,164	94,336	146,500
Remittance to State	-	8,190	8,190
State Permits	-	3,497	3,497
Contract Services	71,495	-	71,495
Workers Comp	2,909	10,330	13,239
Educational/Materials	5,366	-	5,366
Utilities	16,820	-	16,820
<i>Total Cash Disbursements</i>	<u>508,413</u>	<u>1,113,466</u>	<u>1,621,879</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>378,750</u>	<u>(358,217)</u>	<u>20,533</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	365,285	365,285
Transfers Out	(350,500)	(14,785)	(365,285)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(350,500)</u>	<u>350,500</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	28,250	(7,717)	20,533
<i>Fund Cash Balances, January 1</i>	<u>901,629</u>	<u>252,578</u>	<u>1,154,207</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	244,861	244,861
Unassigned	929,879	-	929,879
<i>Fund Cash Balances, December 31</i>	<u>\$ 929,879</u>	<u>\$ 244,861</u>	<u>\$ 1,174,740</u>

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

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Madison County – London City General Health District, Madison County, (the District) as a body corporate and politic. A five member Board and a Health Commissioner govern the District. The District was established as a contractual union of the London City Health District and the Madison County Health District. The District operates under Sections 3709.02 and 3709.07, Ohio Revised Code, Ohio Administrative Code and any programs deemed necessary by the District. The District's services include the recording of certificates of vital statistics, immunization clinics, inspections, public health nursing services and health related issues, licenses and permits.

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

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

**Basis of Presentation**

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.

**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:

Public Health Nursing – This fund receives fees for various services, including providing home nursing services to elderly and homebound persons, immunizations to children and adults, physicals and vision screening for children and supplying nursing services to schools.

Women, Infants, and Children (WIC) – This is a federal grant fund which accounts for the money received and disbursed for the Special Supplemental Nutrition Program.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

**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.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

**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.

**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.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

Fund Type	2016 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$957,131	\$939,583	\$(17,549)
Special Revenue	1,247,891	1,169,924	(77,967)
Total	<u>\$2,205,022</u>	<u>\$2,109,507</u>	<u>\$(95,516)</u>

Fund Type	2016 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$1,002,150	\$935,278	\$66,873
Special Revenue	1,286,449	1,228,731	57,718
Total	<u>\$2,288,599</u>	<u>\$2,164,009</u>	<u>\$124,591</u>

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 3 - Budgetary Activity (Continued)**

Fund Type	2015 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$905,100	\$887,163	\$(17,937)
Special Revenue	779,135	1,120,534	341,399
Total	<u>\$1,684,235</u>	<u>\$2,007,697</u>	<u>\$323,462</u>

Fund Type	2015 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$905,300	\$858,913	\$46,387
Special Revenue	1,150,989	1,108,155	42,834
Total	<u>\$2,056,289</u>	<u>\$1,967,068</u>	<u>\$89,221</u>

**Note 4 - Deposits and Investments**

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

**Note 5 – 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 \$600,670 in 2016 and \$603,137 in 2015. The collections are reflected as subdivisions on the financial statements.

**Note 6 – Defined Benefit Pension Plans**

***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 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 2016 and 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, 2016.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 7 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 8 – 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.

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, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets	\$42,182,281	\$38,307,677
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>
Net Position	<u>\$28,785,581</u>	<u>\$25,548,550</u>

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$12.0 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 520 members in 2016 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, 2016, the District's share of these unpaid claims collectible in future years is approximately \$4,000.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 8 – Risk Management (Continued)**

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.

<b><u>Contributions to PEP</u></b>	
<b><u>2016</u></b>	<b><u>2015</u></b>
\$7,778	\$7,423

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.

**Note 9 – Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

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.





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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**

June 9, 2017

Madison County - London City General Health District  
Madison County  
306 Lafayette Street  
London, Ohio 43140

To the Members of the District:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Madison County – London City General Health District**, Madison County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon date June 9, 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.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***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*.

We noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 9, 2017.

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**MADISON COUNTY - LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2014-001	Posting receipts	Yes	N/A
2014-002	5705.10(D)	Yes	N/A

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# Dave Yost • Auditor of State

**MADISON COUNTY – LONDON CITY HEALTH DISTRICT**

**MADISON 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  
SEPTEMBER 19, 2017**