



Dave Yost • Auditor of State

**ASHTABULA COUNTY GENERAL HEALTH DISTRICT
ASHTABULA COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Governmental Fund Types – For the Year Ended December 31, 2016.....	3
Notes to the Financial Statements – For the Year Ended December 31, 2016	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Governmental Fund Types – For the Year Ended December 31, 2015.....	11
Notes to the Financial Statements – For the Year Ended December 31, 2015	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ashtabula County General Health District
Ashtabula County
12 West Jefferson Street
Jefferson, Ohio 44047

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 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 the Ashtabula County General Health District, Ashtabula 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) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 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.



Dave Yost
Auditor of State
Columbus, Ohio

September 21, 2017

Ashtabula County General Health District
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Federal Awards		\$233,639	\$233,639
Fees & Charges	\$105,672	73,499	179,171
Intergovernmental Revenue		204,000	204,000
Licenses & Permits	1,501	255,563	257,064
Other Receipts	42,725	68,926	111,651
Subdivision Apportionment	725,000		725,000
<i>Total Cash Receipts</i>	<u>874,898</u>	<u>835,627</u>	<u>1,710,525</u>
Cash Disbursements			
Contracts - Repair	4,930		4,930
Contracts - Services		222,096	222,096
Contracts - Services & Projects	80,668		80,668
Equipment	4,717	520	5,237
Insurance	14,728		14,728
Medicare, PERS, Health Insurance & Workers Comp.	127,762	208,845	336,607
Other Expenses	36,524		36,524
Project Fund Expenses		927	927
Remittance to State/State Remittance	37,940	98,506	136,446
Rent/Lease		1,140	1,140
Salaries	373,475	563,798	937,273
Salaries & Fringes		42,536	42,536
Supplies	12,161	17,407	29,568
Supplies: Medical, Promotional, & Office		64,580	64,580
Supplies: Advertising & Printing		1,075	1,075
Supplies & Travel		50	50
Travel		40,986	40,986
Travel and Other Expenses	20,082	8,881	28,963
Utilities		5,767	5,767
<i>Total Cash Disbursements</i>	<u>712,987</u>	<u>1,277,114</u>	<u>1,990,101</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>161,911</u>	<u>(441,487)</u>	<u>(279,576)</u>
Other Financing Receipts (Disbursements)			
Transfers In		224,000	224,000
Transfers Out	(224,000)		(224,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(224,000)</u>	<u>224,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(62,089)	(217,487)	(279,576)
<i>Fund Cash Balances, January 1</i>	<u>642,688</u>	<u>552,938</u>	<u>1,195,626</u>
Fund Cash Balances, December 31			
Restricted		335,451	335,451
Assigned	657,102		657,102
Unassigned (Deficit)	147,497		147,497
<i>Fund Cash Balances, December 31</i>	<u>580,599</u>	<u>335,451</u>	<u>916,050</u>

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

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Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

Empowered by Section 3709.01 of the Revised Code, the Ashtabula County General Health District, Ashtabula County (the District) consists of the County's 27 Townships, 7 Villages, and 1 City not incorporated as a City Health District within Ashtabula County. The chief executive officer of each constituent political subdivision serves on the District Advisory Council, which meets annually on the fourth Thursday in March to appoint the members of the District, Ashtabula County, or to fill any Board vacancies that may have occurred. The District appoints a Health Commissioner to a term not to exceed 5 years. As chief executive officer, the Health Commissioner presides over the County Health Department and reports to the Board at its regular meeting on the second Wednesday of each month. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

As a separate political entity, the District operates autonomously from the government of Ashtabula County. However, the Revised Code charges the county auditor and county treasurer to serve in similar capacities for the District. Charged with maintaining the health and welfare of the District, the District is empowered to enforce the laws, rules and regulations as promulgated by the appropriate federal and state legislatures, departments, and agencies.

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

The District participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 6 to the financial statement provide additional information for this entity.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Food Service Fund: This fund receives monies from licenses issued to food service providers.

Public Health Nursing Fund: This fund receives fees for providing nursing services to the public, such as immunizations and physical testing and their related expenses.

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Budgetary Process

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

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Fund Balance

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

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

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

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

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

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

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$855,600	\$874,898	\$19,298
Special Revenue	1,550,850	1,059,627	(491,223)
Total	\$2,406,450	\$1,934,525	(\$471,925)

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority *	Budgetary Expenditures *	Variance
General	\$1,424,328	\$1,003,068	\$421,260
Special Revenue	1,843,587	1,288,495	555,092
Total	\$3,267,915	\$2,291,563	\$976,352

*Includes carryover appropriations and encumbrances.

Note 4 - Deposits and Investments

As required by the Ohio Revised Code, the Ashtabula 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 District's appropriations over other estimated receipts among the townships and municipalities composing District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to District. The financial statements present these amounts as Subdivision Apportionment receipts if received.

Note 6 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

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.

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	<u>\$28,785,581</u>

At December 31, 2016, the liabilities above include approximately \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. 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.

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 in 2016</u>
\$6,200

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 7 – 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. 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.

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 - Postemployment Benefits

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

Ashtabula County General Health District
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Federal Grants		\$186,035	\$186,035
Fees & Charges	\$79,576	93,261	172,837
Intergovernmental Revenue		69,279	69,279
Licenses & Permits	1,710	344,326	346,036
Other Receipts	27,673	64,205	91,878
Subdivision Apportionment	725,000		725,000
<i>Total Cash Receipts</i>	<u>833,959</u>	<u>757,106</u>	<u>1,591,065</u>
Cash Disbursements			
Contracts - Repair	9,530		9,530
Contracts - Services		55,695	55,695
Contracts - Services & Projects	75,035		75,035
Insurance	14,478		14,478
Medicare, PERS, Health Insurance & Workers Comp.	133,352	188,648	322,000
Office Supplies		500	500
Other Expenses & State Remittance	73,325		73,325
Project Fund Expenses		2,573	2,573
Remittance to State/State Remittance		92,962	92,962
Rent/Lease		1,140	1,140
Salaries	420,074	540,022	960,096
Salaries & Fringes		64,603	64,603
State of Ohio portion of Permit Fee		4,656	4,656
Supplies	11,314	16,405	27,719
Supplies: Medical, Promotional & Office		43,511	43,511
Supplies: Advertising & Printing		500	500
Supplies & Travel		1,593	1,593
Travel		41,483	41,483
Travel and Other Expenses	25,419	6,911	32,330
Utilities		5,385	5,385
<i>Total Cash Disbursements</i>	<u>762,527</u>	<u>1,066,587</u>	<u>1,829,114</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>71,432</u>	<u>(309,481)</u>	<u>(238,049)</u>
Other Financing Receipts (Disbursements)			
Transfers In		320,000	320,000
Transfers Out	(320,000)		(320,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(320,000)</u>	<u>320,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(248,568)</u>	<u>10,519</u>	<u>(238,049)</u>
<i>Fund Cash Balances, January 1</i>	<u>891,256</u>	<u>542,419</u>	<u>1,433,675</u>
Fund Cash Balances, December 31			
Restricted		532,938	532,938
Assigned	536,534		536,534
Unassigned (Deficit)	106,154		106,154
<i>Fund Cash Balances, December 31</i>	<u>\$642,688</u>	<u>\$552,938</u>	<u>\$1,195,626</u>

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

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Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

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Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Basis of Accounting

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

Budgetary Process

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

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

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

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

A summary of 2015 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Fund Balance

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

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

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

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

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

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

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.

Note 3 - Budgetary Activity

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$971,500	\$833,959	(\$137,541)
Special Revenue	1,460,300	1,077,106	(383,194)
Total	\$2,431,800	\$1,911,065	(\$520,735)

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority *	Budgetary Expenditures *	Variance
General	\$1,391,388	\$1,102,661	\$288,727
Special Revenue	1,326,850	1,068,041	258,809
Total	\$2,718,238	\$2,170,702	\$547,536

*Includes carryover appropriations and encumbrances.

Note 4 - Deposits and Investments

As required by the Ohio Revised Code, the Ashtabula 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 District's appropriations over other estimated receipts among the townships and municipalities composing District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to District. The financial statements present these amounts as Subdivision Apportionment receipts if received.

Note 6 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

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, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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, 2015.

	<u>2015</u>
Assets	\$38,307,677
Liabilities	(12,759,127)
Net Position	<u>\$25,548,550</u>

At December 31, 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 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 \$4,000.

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 in 2015</u>
\$6,196

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 7 – 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. 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.

Ashtabula County General Health District
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 - Postemployment Benefits

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



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

Ashtabula County General Health District
Ashtabula County
12 West Jefferson Street
Jefferson, Ohio 44047

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 the Ashtabula County General Health District, Ashtabula 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 dated September 21, 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.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

September 21, 2017



Dave Yost • Auditor of State

ASHTABULA COUNTY GENERAL HEALTH DISTRICT

ASHTABULA 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
MARCH 27, 2018