

***MEIGS COUNTY GENERAL HEALTH DISTRICT  
MEIGS COUNTY***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2017 & 2016***







# Dave Yost • Auditor of State

Board of Health  
Meigs County General Health District  
112 East Memorial Drive  
Pomeroy, Ohio 45769

We have reviewed the *Independent Auditors' Report* of the Meigs County General Health District, Meigs County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 Meigs County 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

July 10, 2018

**This page intentionally left blank.**

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**AUDIT REPORT**  
**For Years Ending December 31, 2017 and 2016**

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
<b>Independent Auditor’s Report</b>	<b>1-2</b>
<b>Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances (Regulatory Cash Basis) - For the Year Ended December 31, 2017</b>	<b>3</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2017</b>	<b>4-11</b>
<b>Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances (Regulatory Cash Basis) - For the Year Ended December 31, 2016</b>	<b>13</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2016</b>	<b>14-21</b>
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	<b>22-23</b>
<b>Schedule of Findings</b>	<b>24</b>
<b>Prepared by Management:</b>	
<b>Corrective Action Plan</b>	<b>25</b>

**This page intentionally left blank.**

**INDEPENDENT AUDITOR'S REPORT**

Meigs County General Health District  
Meigs County  
112 East Memorial Drive  
Pomeroy, Ohio 45769

To the Board of Health:

***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 Meigs County General Health District, Meigs County, Ohio (the District), as of and for the years ended December 31, 2017 and 2016.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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***

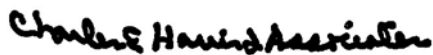
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Meigs County General Health District, Meigs County, Ohio, as of December 31, 2017 and 2016, 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 May 29, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.



Charles E. Harris & Associates, Inc.  
May 29, 2018



**MEIGS COUNTY GENERAL HEALTH DISTRICT  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>General</b>	<b>Special Revenue</b>	<b>Total</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 262,286	\$ -	\$ 262,286
Charges for Services	29,781	-	29,781
Fees, Licenses and Permits	62,568	43,178	105,746
Intergovernmental	183,739	428,126	611,865
Miscellaneous	23,177	-	23,177
	<u>561,551</u>	<u>471,304</u>	<u>1,032,855</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	295,262	274,944	570,206
Fringe Benefits			
Employee Health Insurance	39,550	-	39,550
Ohio Public Employees Retirement	40,173	37,059	77,232
Workers Compensation	3,873	3,527	7,400
Medicare	4,265	3,888	8,153
Supplies	10,848	65,756	76,604
Contract Services	86,827	20,491	107,318
Travel	6,132	4,591	10,723
Advertising and Printing	4,749	958	5,707
Remittances to State	18,698	20,310	39,008
Community Health Assessment	15,000	-	15,000
Equipment	8,420	32,354	40,774
Other	41,005	9,748	50,753
	<u>574,802</u>	<u>473,626</u>	<u>1,048,428</u>
<i>Total Cash Disbursements</i>	<u>574,802</u>	<u>473,626</u>	<u>1,048,428</u>
<i>Excess Receipts Over (Under) Disbursements</i>	(13,251)	(2,322)	(15,573)
<i>Other Financing Receipts/(Disbursements):</i>			
Advances in	21,750	52,750	74,500
Advances out	(52,750)	(21,750)	(74,500)
	<u>(31,000)</u>	<u>31,000</u>	<u>-</u>
<i>Total other financing receipts/(disbursements)</i>	<u>(31,000)</u>	<u>31,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(44,251)	28,678	(15,573)
<i>Fund Cash Balances, January 1</i>	<u>323,665</u>	<u>142,385</u>	<u>466,050</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	171,063	171,063
Unassigned	279,414	-	279,414
	<u>279,414</u>	<u>-</u>	<u>279,414</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 279,414</u>	<u>\$ 171,063</u>	<u>\$ 450,477</u>

The accompanying notes are an integral part of this financial statement

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Meigs County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the Health District. These members are appointed by the Health District Advisory Council which is made up of the chairman of each Township within Meigs County, the mayor of each Village within Meigs County, and the chairman of the Meigs County Commissioners. The Health District's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, inspections, public health nursing services, and issues health-related licenses and permits.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The 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.

B. FUND ACCOUNTING

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

Special Revenue Funds: These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditures for specific purposes. The District had the following significant Special Revenue Fund:

- Women, Infants and Children (WIC) Fund - This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. BASIS OF ACCOUNTING

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 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.

D. DEPOSITS

As required by the Ohio Revised Code, the Meigs 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.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary disbursements (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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

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 2017 budgetary activity appears in Note 5.

F. 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.

G. ACCUMULATED LEAVE

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

H. FUND BALANCES

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained 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.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. FUND BALANCES – (Continued)

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes. The District may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

3. CASH AND INVESTMENTS

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the county's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. The District's carrying amount of cash on deposit with the County at December 31, 2017, was \$450,477. The Meigs County Treasurer's Office is located at 100 E. Second Street, Pomeroy, Ohio 45769.

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017 follows:

<u>Fund:</u>	<u>2017 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 718,840	\$ 583,301	(\$135,539)
Special Revenue Funds	494,444	524,054	29,610

<u>Fund:</u>	<u>2017 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 816,968	\$ 627,552	\$ 189,416
Special Revenue Funds	574,077	495,376	78,701

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

6. 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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017 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, 2017.

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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

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 Workers'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, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

8. RISK MANAGEMENT – (Continued)

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, 2017.

	<u><b>2017</b></u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the District’s share of these unpaid claims collectible in future years is approximately \$3,000.

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><b>2017</b></u> <u><b>Contributions</b></u> <u><b>to PEP</b></u>
\$3,926

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.



**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

9. CONTINGENT LIABILITIES / SUBSEQUENT EVENTS

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially affect the District's financial condition.

10. INTERFUND BALANCES

Following are the significant outstanding advance balances owed to the General Fund by various funds at December 31, 2017:

Funds	Advances Payable
Special Revenue Funds	
WIC	\$ 30,000
CHC	3,147
Public Health Emergency Preparedness	43,600
Food Service	6,000
Total due General Fund	<u>\$ 82,747</u>

The following advances were made during the year ended December 31, 2017:

Funds	Advances In	Advances Out
General Fund	\$21,750	\$52,750
Special Revenue Funds		
PHEP	25,000	-
Food	6,000	-
Community Health Worker	21,750	21,750
Total	<u>\$74,500</u>	<u>\$74,500</u>

The General fund advances unrestricted funds to the Special Revenue funds to provide funding before the receipt of grant monies.

Page Left Blank

**MEIGS COUNTY GENERALHEALTH DISTRICT  
MEIGS COUNTY**

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

	<b>General</b>	<b>Special Revenue</b>	<b>Total</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 262,336	\$ -	\$ 262,336
Charges for Services	16,289	4,116	20,405
Fees, Licenses and Permits	74,696	43,958	118,654
Intergovernmental	144,426	446,097	590,523
Miscellaneous	45,085	1,000	46,085
	<b>542,832</b>	<b>495,171</b>	<b>1,038,003</b>
<b>Cash Disbursements:</b>			
Current:			
Salaries	236,038	242,274	478,312
Fringe Benefits			
Employee Health Insurance	43,995	6,008	50,003
Ohio Public Employees Retirement	32,361	32,154	64,515
Workers Compensation	3,951	4,586	8,537
Medicare	3,790	3,407	7,197
Supplies	24,249	80,825	105,074
Contract Services	29,433	72,966	102,399
Travel	3,076	17,998	21,074
Advertising and Printing	1,430	-	1,430
Remittances to State	20,290	3,680	23,970
Equipment	-	4,434	4,434
Other	12,553	13,069	25,622
	<b>411,166</b>	<b>481,401</b>	<b>892,567</b>
<i>Total Cash Disbursements</i>	<b>411,166</b>	<b>481,401</b>	<b>892,567</b>
<i>Excess Receipts Over (Under) Disbursements</i>	131,666	13,770	145,436
<i>Other Financing Receipts/(Disbursements):</i>			
Advance in	10,561	-	10,561
Advance out	-	(10,561)	(10,561)
	<b>10,561</b>	<b>(10,561)</b>	<b>-</b>
<i>Total other financing receipts/(disbursements)</i>	<b>10,561</b>	<b>(10,561)</b>	<b>-</b>
Net Change in Fund Cash Balances	142,227	3,209	145,436
<i>Fund Cash Balances, January 1</i>	<b>181,438</b>	<b>139,176</b>	<b>320,614</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	142,385	142,385
Assigned	98,128	-	98,128
Unassigned	225,537	-	225,537
	<b>323,665</b>	<b>142,385</b>	<b>466,050</b>
<i>Fund Cash Balances, December 31</i>	<b>\$ 323,665</b>	<b>\$ 142,385</b>	<b>\$ 466,050</b>

The accompanying notes are an integral part of this financial statement

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Meigs County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the Health District. These members are appointed by the Health District Advisory Council which is made up of the chairman of each Township within Meigs County, the mayor of each Village within Meigs County, and the chairman of the Meigs County Commissioners. The Health District's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, inspections, public health nursing services, and issues health-related licenses and permits.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The 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.

B. FUND ACCOUNTING

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

Special Revenue Funds: These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditures for specific purposes. The District had the following significant Special Revenue Fund:

- Women, Infants and Children (WIC) Fund - This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. BASIS OF ACCOUNTING

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 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.

D. DEPOSITS

As required by the Ohio Revised Code, the Meigs 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.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary disbursements (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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

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 2017 budgetary activity appears in Note 5.

F. 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.

G. ACCUMULATED LEAVE

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

H. FUND BALANCES

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained 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.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. FUND BALANCES – (Continued)

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes. The District may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

3. CASH AND INVESTMENTS

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the county's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. The District's carrying amount of cash on deposit with the County at December 31, 2017, was \$466,050. The Meigs County Treasurer's Office is located at 100 E. Second Street, Pomeroy, Ohio 45769.

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. BUDGETARY ACTIVITY

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

<u>Fund:</u>	<u>2017 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 493,602	\$ 553,393	\$ 59,791
Special Revenue Funds	420,631	495,171	74,540

<u>Fund:</u>	<u>2016 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 520,430	\$ 411,166	\$ 109,264
Special Revenue Funds	515,126	491,962	23,164



**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

6. 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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 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.

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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

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

**MEIGS COUNTY GENERAL HEALTH DISTRICT**  
**MEIGS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

8. RISK MANAGEMENT – (Continued)

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.

	<b><u>2016</u></b>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
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 \$3,000.

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.

<b><u>2016</u></b> <b><u>Contributions</u></b> <b><u>to PEP</u></b>
\$4,092

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.

**MEIGS COUNTY GENERAL HEALTH DISTRICT  
MEIGS COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016**

9. CONTINGENT LIABILITIES / SUBSEQUENT EVENTS

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially affect the District's financial condition.

10. INTERFUND BALANCES

Following are the significant outstanding advance balances owed to the General Fund by various funds at December 31, 2016:

Funds	Advances Payable
Special Revenue Funds	
WIC	\$ 30,000
CHC	3,147
Public Health Emergency Preparedness	18,000
Total due General Fund	<u>\$ 51,747</u>

The following advances were made during the year ended December 31, 2016:

Funds	Advances In	Advances Out
General Fund	\$10,561	\$-
Special Revenue Funds		
Ebola	-	10,561
Total	<u>\$74,500</u>	<u>\$10,561</u>

The General fund advances unrestricted funds to the Special Revenue funds to provide funding before the receipt of grant monies.

**This page intentionally left blank.**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Meigs County General Health District  
Meigs County  
112 East Memorial Drive  
Pomeroy, Ohio 45769

To the Board of Health:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Meigs County General Health District, Meigs County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 29, 2018, 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***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Entity's Response to Finding***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
May 29, 2018

**MEIGS COUNTY GENERAL HEALTH DISTRICT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-001  
Significant Deficiency**

**Intergovernmental Receipts**

The District's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements which resulted in several audit adjustments.

During the audit of the District's financial records for the years ended December 31, 2017 and 2016, we noted Homestead and Rollback monies received from the county auditor were improperly posted to the Property Taxes line item. These monies represent Intergovernmental Revenues.

The financial statements have been adjusted to present the accounting information correctly and the District has agreed with the required reclassifications.

We recommend that consideration be given to analyzing the nature of transactions occurring during the normal course of business to ensure that they are posted to the proper accounts. We recommend further that all entries be reviewed and approved by the District Board, monthly.

**Officials Response:**

See Corrective Action Plan

**This page intentionally left blank.**



MEIGS COUNTY GENERAL HEALTH DISTRICT  
MEIGS COUNTY

CORRECTIVE ACTION PLAN-PREPARED BY MANAGEMENT  
December 31, 2017 AND 2016

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2017-001	The District will record homestead and rollback receipts as intergovernmental revenue.	Immediately	Sharon Buchanan, Fiscal Officer

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**

**MEIGS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2018**