



Dave Yost • Auditor of State

**NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Noble County Health Department
Noble County
44069 Marietta Road
Caldwell, Ohio 43724

To the Board of Health:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements by fund type, and related notes of the Noble County Health Department, Noble County, Ohio (the Health Department) as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 this financial statement 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 statement is 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 Health Department's preparation and fair presentation of the financial statement 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 Health Department'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 statement, the Health Department prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Health Department does not intend this statement 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 § 117.38 and Ohio Administrative Code § 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Health Department as of December 31, 2017, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Noble County Health Department, Noble County as of December 31, 2017, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 21, 2018, on our consideration of the Health Department'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 Health Department's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 21, 2018

Noble County Health Department

Noble County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Cash Basis)

All Governmental and Fiduciary Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Fiduciary	Totals (Memorandum Only)
Cash Receipts				
Charges for Services	\$16,946	\$1,105,222	\$0	\$1,122,168
Fines, Licenses and Permits	6,098	54,180	0	60,278
Intergovernmental:				
Apportionments	511,034	0	0	511,034
Grants	29,993	480,874	0	510,867
Other	3,996	0	0	3,996
Non-Governmental Grants	8,054	0	0	8,054
Miscellaneous	5,603	8,906	200	14,709
<i>Total Cash Receipts</i>	<u>581,724</u>	<u>1,649,182</u>	<u>200</u>	<u>2,231,106</u>
Cash Disbursements				
Current:				
Health:				
Salary	257,115	958,270	0	1,215,385
Fringe	83,463	290,262	0	373,725
Contract	91,733	161,975	0	253,708
Travel	10,320	50,315	0	60,635
Utilities/Building Expenses	26,634	18,058	0	44,692
Supplies	10,274	98,046	116	108,436
Equipment/Capital	831	3,118	0	3,949
Other Expenses	35,760	52,626	0	88,386
<i>Total Cash Disbursements</i>	<u>516,130</u>	<u>1,632,670</u>	<u>116</u>	<u>2,148,916</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>65,594</u>	<u>16,512</u>	<u>84</u>	<u>82,190</u>
Other Financing Receipts (Disbursements)				
Advances In	172,000	201,000	0	373,000
Advances Out	(201,000)	(172,000)	0	(373,000)
Other Financing Sources	0	0	239,849	239,849
Other Financing Uses	0	0	(239,789)	(239,789)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(29,000)</u>	<u>29,000</u>	<u>60</u>	<u>60</u>
<i>Net Change in Fund Cash Balances</i>	36,594	45,512	144	82,250
<i>Fund Cash Balances, January 1</i>	<u>24,511</u>	<u>192,403</u>	<u>293</u>	<u>217,207</u>
Fund Cash Balances, December 31				
Restricted	0	169,763	437	170,200
Assigned	1,398	68,152	0	69,550
Unassigned (Deficit)	59,707	0	0	59,707
<i>Fund Cash Balances, December 31</i>	<u>\$61,105</u>	<u>\$237,915</u>	<u>\$437</u>	<u>\$299,457</u>

See accompanying notes to the basic financial statements

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**NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Noble County Health Department, Noble County (the Health Department), as a body corporate and politic. A five-member Board and a Health Commissioner govern the Health Department. The Health Department's services include but are not limited to communicable disease investigations, home health, issuing birth and death certificates, immunization clinics, inspections, public health nursing services and issuing health-related licenses and permits.

The Health Department's management believes this financial statement presents all activities for which the Health Department is financially accountable.

The Health Department participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 7 to the financial statement provides additional information for this entity.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Health Department's financial statement consists 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

The Health Department 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 Health Department 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 Health Department 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 Health Department had the following significant Special Revenue Funds:

Home Health Nursing Services (HH) Fund - This fund receives fees for providing home nursing services to elderly and homebound persons.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Health Department's own programs.

The Health Department's private purpose trust fund is for the benefit of local service agencies, individuals and schools who meet on a monthly basis to share information about the services and/or upcoming events their respective organizations provide.

**NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Additionally, they bring to the table any observation of perceived needs for the community in order that solutions may be sought.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Health Department disburses these funds as directed by the individual, organization or other government. The Health Department's agency fund accounts for employee deductions and the employer share for health care, dental, vision and life insurance premiums.

Basis of Accounting

This financial statement follows 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).

This statement includes 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 Health Department to budget each fund annually (except certain agency funds).

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Health Department Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. The Health Department does not budget for Other Financing Uses in the Agency Fund.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources. The Health Department does not budget for Other Financing Sources in the Agency Fund.

Encumbrances The Ohio Revised Code requires the Health Department 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 2017 budgetary activity appears in Note 3.

NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

The Health Department records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

Fund Balance

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

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.

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 Health Department 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.

The Health Department 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.

**NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 3 - Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$481,210	\$581,724	\$100,514
Special Revenue	1,629,630	1,649,182	19,552
Private Purpose Trust	60	200	140
Total	\$2,110,900	\$2,231,106	\$120,206

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$533,731	\$517,528	\$16,203
Special Revenue	1,683,516	1,633,014	50,502
Private Purpose Trust	116	116	0
Total	\$2,217,363	\$2,150,658	\$66,705

Note 4 - Deposits and Investments

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

Note 5 – Intergovernmental Funding

The Noble County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the Health Department with sufficient funds for health programs. The levy generated \$511,034 in 2017. The financial statement presents these amounts as intergovernmental receipts.

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2017, consisted of \$147,000 advanced to Special Revenue funds to provide working capital for operations or projects.

**NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 7 – Risk Management

The Health Department is exposed to various risks of property and casualty losses, and injuries to employees. The Health Department insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Health Department 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 (the latest information available).

	<u>2016</u>
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, 2017 the Health Department’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.

**NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 7 – Risk Management (Continued)

<u>Contributions to PEP</u>
<u>2017</u>
\$5,617

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 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Health Department’s thirty-six 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 Health Department contributed an amount equaling 14%, of participants’ gross salaries. The Health Department has paid all contributions required through December 31, 2017.

Social Security

The Health Department’s five Board of Health members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Health Department contributed an amount equal to 6.2 percent of participants’ gross salaries. The Health Department has paid all contributions required through December 31, 2017.

Note 9 - 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.

**NOBLE COUNTY HEALTH DEPARTMENT
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 10 – Contingent Liabilities

Management is not aware of any pending litigation against the Health Department.

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

Note 11 – Subsequent Events

Effective December 31, 2017, Ohio Public Entity Consortium (OPEC) disbanded. OPEC provided healthcare benefits to the Health Department. In January 2018, the Health Department received an invoice and made a payment to OPEC for \$17,327. The estimated payment due to OPEC for health insurance claims from 2017 and not yet billed is \$58,000. The Health Department is liable for any incurred but not reported claims as of December 31, 2017. Beginning in fiscal year 2018, the Health Department contracted with Anthem to provide healthcare benefits.

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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

Noble County Health Department
Noble County
44069 Marietta Road
Caldwell, Ohio 43724

To the Board of Health:

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 statement of the cash balances, receipts and disbursements by fund type of the Noble County Health Department, Noble County, Ohio (the Health Department), as of and for the year ended December 31, 2017, and the related notes to the financial statement and have issued our report thereon dated May 21, 2018 wherein we noted the Health Department followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Health Department's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Health Department'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 Health Department's financial statement. 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 Health Department's financial statement is 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 Health Department's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Health Department'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

May 21, 2018



Dave Yost • Auditor of State

NOBLE COUNTY HEALTH DEPARTMENT

NOBLE 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
JUNE 19, 2018**