



OHIO AUDITOR OF STATE  
**KEITH FABER**





**JEFFERSON COUNTY GENERAL HEALTH DISTRICT  
JEFFERSON COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT

Jefferson County General Health District  
Jefferson County  
500 Market Street, 7<sup>th</sup> Floor  
Steubenville, Ohio 43952

To the Board of Directors:

### ***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 Jefferson County General Health District, Jefferson 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 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 such 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, 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 Jefferson County General Health District, Jefferson County 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 January 17, 2019, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 17, 2019

**Jefferson County General Health District**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental:			
Apportionments	\$271,521		\$271,521
Grants	84,982	\$441,604	526,586
Other		1,080	1,080
Other Fees	173,773	567,770	741,543
Licenses	942	60,200	61,142
Contractual Services	82,010	88,113	170,123
Miscellaneous	14,919	21	14,940
<i>Total Cash Receipts</i>	<u>628,147</u>	<u>1,158,788</u>	<u>1,786,935</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	266,887	490,945	757,832
Supplies	18,218	30,165	48,383
Remittances to State			0
Maintenance			0
Contracts - Repairs	6,871		6,871
Contracts - Services			0
Travel	5,634	4,376	10,010
Certifications	46,619		46,619
Utilities and Rentals	4,666	2,733	7,399
Social Security and Medicare	3,523		3,523
Public Employees' Retirement	29,735	55,097	84,832
Workers' Compensation			0
Unemployment		4,590	4,590
Hospitalization	45,087	134,677	179,764
Medicare		5,965	5,965
Other	64,244	461,849	526,093
<i>Total Cash Disbursements</i>	<u>491,484</u>	<u>1,190,397</u>	<u>1,681,881</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>136,663</u>	<u>(31,609)</u>	<u>105,054</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	10,601	32,951	43,552
Transfers Out		(72,002)	(72,002)
Advances In	34,787	76,400	111,187
Advances Out	(76,400)	(34,787)	(111,187)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(31,012)</u>	<u>2,562</u>	<u>(28,450)</u>
<i>Net Change in Fund Cash Balances</i>	105,651	(29,047)	76,604
<i>Fund Cash Balances, January 1</i>	<u>105,066</u>	<u>80,963</u>	<u>186,029</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	32,420	32,420
Assigned	0	37,930	37,930
Unassigned (Deficit)	210,717	(18,434)	192,283
<i>Fund Cash Balances, December 31</i>	<u>\$210,717</u>	<u>\$51,916</u>	<u>\$262,633</u>

See accompanying notes to the basic financial statements

**Jefferson County General Health District**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2017*

	Enterprise
<b>Operating Cash Receipts</b>	
Fines, Licenses and Permits	\$227,723
Contract Services	34,980
Miscellaneous	442
	263,145
<i>Total Operating Cash Receipts</i>	<i>263,145</i>
<b>Operating Cash Disbursements</b>	
Personal Services	166,213
Supplies and Materials	3,320
Travel	6,032
Certifications	19,968
Utilities and Rentals	1,751
Public Employees Retirement	22,948
Workers' Compensation	0
Unemployment	0
Hospitalization	36,157
Medicare	2,360
Other	9,730
	268,479
<i>Total Operating Cash Disbursements</i>	<i>268,479</i>
<i>Operating Income (Loss)</i>	<i>(5,334)</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Debt Proceeds	53,265
Capital Outlay	(53,265)
Principal Retirement	(11,384)
Interest and Other Fiscal Charges	(288)
	(11,672)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(11,672)</i>
<i>Income (Loss) before Transfers and Advances</i>	<i>(17,006)</i>
Transfers In	41,080
Transfers Out	(12,630)
	11,444
<i>Net Change in Fund Cash Balances</i>	<i>11,444</i>
<i>Fund Cash Balances, January 1</i>	<i>6,184</i>
<i>Fund Cash Balances, December 31</i>	<i>\$17,628</i>

*See accompanying notes to the basic financial statements*



**Jefferson General Health District**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson General Health District, Jefferson County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, 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.

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

***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.

***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 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:

***Women, Infants, and Children (WIC) Fund*** This is a Federal grant fund accounts for the Special Supplemental Nutrition Program.

***Public Health Preparedness (PHEP) Fund*** This is a Federal grant fund for providing equipment and services needed during a public health emergency.

***Construction, Demolition, and Debris (CD&D) Fund*** This fund receives tonnage fees from landfills and construction, demolition, and debris materials. Monies are then remitted to the appropriate agencies. The amount retained by the District is used to pay for investigations of illegal trash disposals.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The District had the following significant enterprise funds:

***Food Service Fund*** This fund receives revenues related to food service licenses. It accounts for the cost of providing various services including site inspections.

**Jefferson General Health District**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Environmental Health Fund*** This fund receives fees for licenses and permits relating to sewage systems. It accounts for the cost of providing various services including site inspections.

***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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***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. 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 canceled, and reappropriated in the subsequent year.

A summary of 2017 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.

***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:

**Jefferson General Health District**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

***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.

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.

**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	\$723,457	\$673,535	(\$49,922)
Special Revenue	1,268,139	1,268,139	0
Enterprise	304,225	357,490	53,265
Total	\$2,295,821	\$2,299,164	\$3,343

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$575,369	\$567,884	\$7,485
Special Revenue	1,192,925	1,297,186	(104,261)
Enterprise	333,233	346,046	(12,813)
Total	\$2,101,527	\$2,211,116	(\$109,589)

**Jefferson General Health District**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Jefferson 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**

*Intergovernmental Funding*

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**Note 6 – Risk Management**

The District is covered as part of Jefferson County's insurance coverage. County officials entered into an agreement with the County Risk Sharing Authority (CORSA), in conjunction with the County Commissioners Association of Ohio, to provide insurance coverage on property, buildings, vehicles, and equipment through a self-insurance program. Real property and contents are 100% insured.

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self Insurance program, a primary group and Excess Insurance/Self Insurance and Risk Management Program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage's provided by CORSA.

These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' error and omissions liability insurance.

Each member, one from each member county, has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each Member County's control over budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest or financial responsibility.

**Note 7 - Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2017 Jeep Lease	\$22,427	0.00%
2018 Jeep Lease	28,248	0.00%
Total	<u>\$50,675</u>	

**Jefferson General Health District**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

The General Health District entered into two lease purchase agreement for a 2017 Jeep Cherokee and a 2018 Jeep Cherokee with an option to buy after 36 and 39 months, respectively. The amounts below reflect the future payments on the leases until the purchase option. The vehicles will be used for transportation while conducting food service inspections.

Amortization of the above debt until the purchase option is scheduled as follows:

	2017	2018
Year ending December 31:	Jeep	Jeep
2018	3,866	3,863
2019	3,866	3,863
2020	1,933	3,863
2021		323
Total	\$9,665	\$11,912

**Note 8 – 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 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District 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, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 2 percent during calendar year 2017.

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental:			
Apportionments	\$282,378		\$282,378
Grants	10,000	\$451,178	461,178
Other	75,934		75,934
Other Fees	96,247	409,594	505,841
Licenses	310	74,900	75,210
Contractual Services	20,430	83,274	103,704
Miscellaneous	10,345	1,352	11,697
<i>Total Cash Receipts</i>	<u>495,644</u>	<u>1,020,298</u>	<u>1,515,942</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	200,954	364,811	565,765
Supplies	9,301	16,346	25,647
Remittances to State		2,312	2,312
Maintenance		792	792
Contracts - Repairs	25,840		25,840
Contracts - Services		49,683	49,683
Travel	8,821	5,070	13,891
Certifications	23,432		23,432
Utilities and Rentals	4,438	1,913	6,351
Social Security and Medicare	3,017	5,403	8,420
Public Employees' Retirement	25,967	52,244	78,211
Workers' Compensation	2,634	3,867	6,501
Unemployment		99	99
Hospitalization	28,713	137,305	166,018
Other	84,728	405,205	489,933
<i>Total Cash Disbursements</i>	<u>417,845</u>	<u>1,045,050</u>	<u>1,462,895</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>77,799</u>	<u>(24,752)</u>	<u>53,047</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	19,476	44,245	63,721
Advances Out	(63,005)	(19,476)	(82,481)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(43,529)</u>	<u>24,769</u>	<u>(18,760)</u>
<i>Net Change in Fund Cash Balances</i>	34,270	17	34,287
<i>Fund Cash Balances, January 1</i>	<u>70,796</u>	<u>80,946</u>	<u>151,742</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	32,305	32,305
Assigned	0	48,658	48,658
Unassigned (Deficit)	105,066	0	105,066
<i>Fund Cash Balances, December 31</i>	<u>\$105,066</u>	<u>\$80,963</u>	<u>\$186,029</u>

*See accompanying notes to the basic financial statements*

**Jefferson County General Health District**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2016*

	Enterprise
<b>Operating Cash Receipts</b>	
Fines, Licenses and Permits	\$194,575
Contract Services	3,102
Miscellaneous	2,889
	200,566
<b>Operating Cash Disbursements</b>	
Personal Services	118,576
Supplies and Materials	2,007
Travel	4,952
Certifications	12,687
Utilities and Rentals	2,971
Public Employees Retirement	16,930
Workers' Compensation	1,058
Unemployment	5,579
Hospitalization	29,961
Medicare	3,153
Other	8,090
	205,964
<i>Total Operating Cash Disbursements</i>	<i>205,964</i>
<i>Operating Income (Loss)</i>	<i>(5,398)</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Sale of Fixed Assets	1,762
Principal Retirement	(8,352)
Interest and Other Fiscal Charges	(730)
	(7,320)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(7,320)</i>
<i>Income (Loss) before Transfers and Advances</i>	<i>(12,718)</i>
Transfers In	12,948
Transfers Out	(12,948)
Advances In	22,807
Advances Out	(4,047)
	6,042
<i>Net Change in Fund Cash Balances</i>	<i>6,042</i>
<i>Fund Cash Balances, January 1</i>	<i>142</i>
<i>Fund Cash Balances, December 31</i>	<i>\$6,184</i>

*See accompanying notes to the basic financial statements*



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

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson General Health District, Jefferson County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, 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.

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

***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.

***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:

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***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:

***Women, Infants, and Children (WIC) Fund*** This is a Federal grant fund accounts for the Special Supplemental Nutrition Program.

***Public Health Preparedness (PHEP) Fund*** This is a Federal grant fund for providing equipment and services needed during a public health emergency.

***Construction, Demolition, and Debris (CD&D) Fund*** This fund receives tonnage fees from landfills and construction, demolition, and debris materials. Monies are then remitted to the appropriate agencies. The amount retained by the District is used to pay for investigations of illegal trash disposals.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The District had the following significant enterprise funds:

***Food Service Fund*** This fund receives revenues related to food service licenses. It accounts for the cost of providing various services including site inspections.

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

---

***Environmental Health Fund*** This fund receives fees for licenses and permits relating to sewage systems. It accounts for the cost of providing various services including site inspections.

***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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***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. 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 canceled, and reappropriated in the subsequent year.

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.

***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:

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

***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.

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.

**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	\$495,644	\$515,120	\$19,476
Special Revenue	1,020,298	1,064,543	44,245
Enterprise	202,328	238,083	35,755
Total	\$1,718,270	\$1,817,746	\$99,476

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$514,548	\$480,850	\$33,698
Special Revenue	1,042,170	1,064,526	(22,356)
Enterprise	212,786	232,041	(19,255)
Total	\$1,769,504	\$1,777,417	(\$7,913)

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

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**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Jefferson 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**

*Intergovernmental Funding*

The County apportions the excess of the District’s appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**Note 6 – Risk Management**

The District is covered as part of Jefferson County’s insurance coverage. County officials entered into an agreement with the County Risk Sharing Authority (CORSA), in conjunction with the County Commissioners Association of Ohio, to provide insurance coverage on property, buildings, vehicles, and equipment through a self-insurance program. Real property and contents are 100% insured.

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self Insurance program, a primary group and Excess Insurance/Self Insurance and Risk Management Program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage’s provided by CORSA.

These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials’ error and omissions liability insurance.

Each member, one from each member county, has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each Member County’s control over budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties’ obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest or financial responsibility.

**Note 7 - Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Vehicle Lease Purchase Agreement	\$8,794	5.20%
Total	\$8,794	

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

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The General Health District entered into a lease purchase agreement for a 2015 Ford Escape to be used as transportation while conducting food service inspections.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Vehicle Lease Purchase
2017	<u>9,082</u>
Total	<u><u>\$9,082</u></u>

**Note 8 – 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 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2016.

**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, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 2 percent during calendar year 2016.

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# OHIO AUDITOR OF STATE KEITH FABER



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

Jefferson County General Health District  
Jefferson County  
500 Market Street, 7<sup>th</sup> Floor  
Steubenville, Ohio 43952

To the Board of Directors:

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 Jefferson County General Health District, Jefferson County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2019 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 17, 2019



**JEFFERSON COUNTY GENERAL HEALTH DISTRICT  
JEFFERSON 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**

**Material Weakness – Accurate Posting of Transactions**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions in 2017 and 2016. This resulted in adjustments and reclassifications to the financial statements. The District Fiscal Officer and management have agreed to and posted the adjustments to the District's accounting records and the corrected amounts are reflected in the accompanying financial statements.

**2017 Adjustments:**

<b>Fund Adjusted from:</b>	<b>Fund Adjusted to:</b>	<b>Amount</b>	<b>Explanation:</b>
Construction, Demolition and Debris Special Revenue	Solid Waste Special Revenue	\$18,434	To post Contractual Services revenue to the proper fund.
	Food Service Enterprise	24,374 and 28,891	To record lease proceeds not posted.
	General	50	Increase Other Expense to balance District with County Ledgers at December 31, 2017.
	General	49,772	To remove transfers in and out from the financial statements since they were intrafund transactions.
	General	11,517	To adjust beginning balance to agree to the prior audit released audit report.

**FINDING NUMBER 2017-001  
 (Continued)**

**2017 Reclassifications:**

<b>Fund</b>	<b>Reclassified To:</b>	<b>Amount</b>	<b>Reclassified From:</b>
Solid Waste Special Revenue	Contractual Services Revenue	\$69,679	Other Fees Revenue
Food Service Enterprise	Principal and Interest and Fiscal Charges Expense	8,794, 1,947 and 288	Other Expenses
Food Service Enterprise	Principal Expense	643	Other Expense and Travel Expense

**2016 Adjustments:**

<b>Fund Adjusted from:</b>	<b>Fund Adjusted to:</b>	<b>Amount</b>	<b>Explanation:</b>
Food Service Enterprise	General	\$2,271	To post lease payments to the proper fund.
	General and Special Revenue	13,787 and 62,197	To agree beginning cash balances to the prior audit released report.
	General	38,403	To remove transfers in and out from the financial statements since they were intrafund transactions.

**2016 Reclassifications:**

<b>Fund</b>	<b>Reclassified To:</b>	<b>Amount</b>	<b>Reclassified From:</b>
General	Intergovernmental and Contract Service Revenue	\$11,343 and 3,094	Miscellaneous Revenue
Food Service Enterprise	Principal and Interest and Fiscal Charges Expense	8,352 and 730	Travel and Other Expense
Food Service Enterprise	Advances In and Transfers Out	22,807 and 4,047	Transfers In and Advances Out

The 2017 adjustment led to the Construction, Demolition, and Debris Special Revenue Fund reporting a negative cash fund balance of \$18,434 as of December 31, 2017.

**FINDING NUMBER 2017-001  
(Continued)**

Other mispostings were identified; however they were not material and the District decided not to make the adjustments.

Adjustments to the Financial Statement Notes include:

- The 2017 Notes had the following errors:
  - The filed Notes were not reflective of the most current shell located on the Auditor of State's website;
  - The total demand deposits within the Equity in Pooled Deposits Note was not presented;
  - The Postemployment Benefits Note was not presented;
  - The Budgetary Activity Note did not agree to the financial statements; and
  - The ending principal balances in the Debt Note were not accurate and the District failed to include the proper amortization tables.
  
- The 2016 Notes had the following errors:
  - The filed Notes were not reflective of the most current shell located on the Auditor of State's website;
  - The total demand deposits within the Equity in Pooled Deposits Note was not presented;
  - The Post-employment Benefits Note was not presented;
  - The Budgetary Activity Note figures did not agree to the financial statements; and
  - The ending principal balances in the Debt Note were not accurate and the District failed to include the proper amortization tables.

The District did not have procedures in place to record/report transactions properly.

Failure to consistently follow a uniform chart of accounts increases the possibility the District will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the District to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the chart of accounts to help ensure that financial activity of the District is accurately recorded and reported. In addition, the District should review the financial statements and notes prior to report submission.

**Officials' Response:** We did not receive a response from Officials to this finding.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Posting of Receipts and Expenditures	Not Corrected	Re-Issued as Finding 2017-001

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# OHIO AUDITOR OF STATE KEITH FABER



**JEFFERSON COUNTY GENERAL HEALTH DISTRICT**

**JEFFERSON 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  
FEBRUARY 19, 2019**