

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

Audit Report

Year Ended December 31, 2013





Dave Yost • Auditor of State

Members of the Board
General Health District
P. O. Box 1503
219 E. Market Street
Lima, Ohio 45802

We have reviewed the *Report of Independent Accountants* of the General Health District, Allen County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2013. 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 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

April 15, 2014

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**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

AUDIT REPORT

For the year ended December 31, 2013

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

General Health District
Allen County
P.O. Box 1503
219 E. Market Street
Lima, Ohio 45802

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Allen County, Ohio (the District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Allen County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and Women, Infants and Children Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

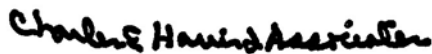
We audited to opine on the District's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. The Schedule of Federal Awards Expenditures (Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014 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.



Charles E. Harris & Associates, Inc.
March 11, 2014

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

This discussion and analysis of the Allen County General Health District's (the District) financial performance provides an overall review of the financial activities for the year ended December 31, 2013 within the limits of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2013 are as follows:

- Total net position decreased by \$60,303 during 2013.
- Most of the District's revenue was associated with intergovernmental funding, from local, state and federal sources.
- The District's total disbursements decreased by 7% during 2013.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about District's cash position and the changes in cash position at the entity wide level. The statement of cash basis assets and fund balances and the statement of cash receipts, disbursements and changes in cash basis fund balances report the District's cash position and the changes in cash position by major fund. The statements of cash receipts, disbursements and changes in cash basis fund balance budget-and-actual-budget basis provides original and final budgeted amounts, with variances reflecting comparison of final budgeted amounts with actual receipts and expenditures. The notes to the financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. These financial statements follow the cash basis of accounting.

The District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts are recognized when received (in cash), rather than when earned, and disbursements when paid, rather than when a liability is incurred.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivables) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the District did financially during 2013 within the limits of the cash basis accounting. The statement of net position presents the cash balances of the District at year end. The statement of activities presents the revenue and disbursement activity during 2013.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

Table 1 provides a summary of the District's net assets for 2013 compared to 2012.

**TABLE 1
NET POSITION
DECEMBER 31, 2013**

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>596,132</u>	\$ <u>656,435</u>
Total Assets	\$ <u>596,132</u>	\$ <u>656,435</u>
Net Position:		
Restricted for:		
Other Purposes	\$ 155,845	196,289
Unrestricted	<u>440,287</u>	<u>460,146</u>
Total Net Position	<u>\$ 596,132</u>	<u>\$ 656,435</u>

As mentioned previously, net position decreased by \$60,303 during 2013. The decrease was primarily associated with funds restricted for specific grants and programs.

FUND FINANCIAL STATEMENTS REPORTING MAJOR FUNDS

The major funds of the District include the General Health Fund and the Women, Infants and Children Fund. The statement of cash basis assets and fund balances and the statement of cash receipts, disbursements and changes in cash basis fund balances report the District's cash position and the changes in cash position by major fund. Keeping the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial strength. Over time, increases or decreases in the District's cash position is one indicator of the District's financial strength is improving or deteriorating. When evaluating the District's financial condition, you should also consider other financial factors such as the reliance on non-local financial resources for operations and the need for continued growth in other local revenue sources.

Table 2 reflects the changes in net position during 2013.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
Receipts:		
Program Receipts:		
Charges for Services	\$ 1,287,900	\$ 1,319,829
Operating Grants	1,545,307	1,607,856
General Receipts:		
Subdivision Fees	671,502	722,135
Proceeds from Loan	-0-	209,535
Miscellaneous	<u>32,944</u>	<u>30,326</u>
Total Receipts	<u>3,537,653</u>	<u>3,889,681</u>
Disbursements:		
Public Health Services	3,525,509	3,529,172
Capital Outlay	-0-	266,373
Debt Service:		
Principal	34,568	32,833
Interest	<u>37,879</u>	<u>39,356</u>
Total Disbursements	<u>3,597,956</u>	<u>3,867,734</u>
Net Change in Net Position	(60,303)	21,947
Net Position, Beginning of Year	<u>656,435</u>	<u>634,488</u>
Net Position, End of Year	<u>\$ 596,132</u>	<u>\$ 656,435</u>

During 2013 the District's disbursements decreased by 7 percent and revenues also decreased by 9 percent.

The District relies on diverse revenue streams to provide services to County residents. The County apportions the excess of the District's appropriations over 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 subdivision revenue. The largest category of disbursements was Salaries and related benefits. The District employs 30 full-time and 28 part-time employees.

BUDGETARY HIGHLIGHTS

The District made slight revisions to the original appropriation approved by the Board and the Board's fiscal agent, the Allen County Budget Commission. During 2013, the District spent 44% of the amount appropriated in the General Fund. The District's 2013 financial statements include budgetary statements for the General Fund and the Women, Infants and Children (WIC) Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District currently tracks its capital assets. However, since the financial statements are presented on a cash basis, none of these assets are reflected on the District's financial statements. Instead, the acquisitions of property, plant and equipment are recorded as disbursements when paid.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

Debt

At December 31, 2013, the District had \$770,286 in outstanding loans payable. The District paid \$34,568 in principal on loans outstanding during the fiscal year. Detailed information regarding long-term debt is included in the notes to the basic financial statements (Note 10).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it received.

Questions concerning any of the information in this report or requests for additional information should be directed to:

Sally Dray
Director of Finance / Human Resources
Allen County General Health District
P.O. Box 1503
Lima, OH 45802-1503
Phone Number (419) 228-4457

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 596,132
Total Assets	<u>596,132</u>
<u>Net Position</u>	
Restricted For:	
Other Purposes	155,845
Unrestricted	440,287
Total Net Position	<u>\$ 596,132</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2013

	<u>Program Cash Receipts</u>			
	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Disbursements)</u> <u>Receipts and</u> <u>Changes in Net Position</u>
Governmental Activities				
Public Health Services	\$ 3,525,509	\$ 1,287,900	\$ 1,545,307	\$ (692,302)
Debt Service:				
Principal	34,568	-	-	(34,568)
Interest	37,879	-	-	(37,879)
Total Governmental Activities	<u>3,597,956</u>	<u>1,287,900</u>	<u>1,545,307</u>	(764,749)
		<u>General Receipts:</u>		
				671,502
				<u>32,944</u>
				704,446
				(60,303)
				<u>656,435</u>
				<u>\$ 596,132</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

COMBINED STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>General</u>	<u>Women Infant & Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 478,220	\$ 17,209	\$ 100,703	\$ 596,132
Total Assets	<u>\$ 478,220</u>	<u>\$ 17,209</u>	<u>\$ 100,703</u>	<u>\$ 596,132</u>
 <u>Fund Balances</u>				
Restricted	\$ -	\$ 17,209	\$ 69,619	\$ 86,828
Committed	37,933	-	31,084	69,017
Unassigned	440,287	-	-	440,287
Total Fund Balances	<u>\$ 478,220</u>	<u>\$ 17,209</u>	<u>\$ 100,703</u>	<u>\$ 596,132</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Women Infant & Children	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Subdivision fees	\$ 671,502	\$ -	\$ -	\$ 671,502
Fees, Licenses & Permits	631,969	-	527,999	1,159,968
Contractual Services	67,524	-	155,915	223,439
Federal Grants	14,927	666,431	537,643	1,219,001
State Grants	134,191	-	97,309	231,500
Miscellaneous	32,244	-	-	32,244
Total Receipts	<u>1,552,356</u>	<u>666,431</u>	<u>1,318,866</u>	<u>3,537,653</u>
DISBURSEMENTS				
Current:				
Public Health Services				
Salaries	740,996	471,081	825,968	2,038,045
Fringe Benefits	157,168	57,536	132,769	347,473
Public Employees' Retirement	99,569	65,951	113,363	278,883
Materials & Supplies	104,373	51,592	88,740	244,705
Remittance to State	163,492	-	86,935	250,427
Equipment and Vehicles	27,447	1,137	22,092	50,676
Contracts - Services	63,557	2,700	40,225	106,482
Rentals (Facilities/Lease Agreements)	-	26,928	-	26,928
Travel and Training	7,293	3,310	16,947	27,550
Utilities/Building Expenses	69,243	3,529	7,154	79,926
Insurance	18,815	1,302	655	20,772
Other	41,051	775	11,817	53,643
Debt Service:				
Principle	34,568	-	-	34,568
Interest	37,879	-	-	37,879
Total Disbursements	<u>1,565,451</u>	<u>685,840</u>	<u>1,346,665</u>	<u>3,597,956</u>
Excess of Receipts Over (Under) Disbursements	(13,095)	(19,409)	(27,799)	(60,303)
Other Financing Sources (Uses)				
Transfers In	30,000	-	15,000	45,000
Transfers Out	(45,000)	-	-	(45,000)
Advances In	38,113	-	42,087	80,200
Advances Out	(42,087)	-	(38,113)	(80,200)
Total Other Financing Sources (Uses)	<u>(18,974)</u>	<u>-</u>	<u>18,974</u>	<u>-</u>
Net Change in Fund Balances	(32,069)	(19,409)	(8,825)	(60,303)
Fund Balances Beginning of Year	<u>510,289</u>	<u>36,618</u>	<u>109,528</u>	<u>656,435</u>
Fund Balances End of Year	<u>\$ 478,220</u>	<u>\$ 17,209</u>	<u>\$ 100,703</u>	<u>\$ 596,132</u>

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Subdivision Fees	\$ 671,502	\$ 671,502	\$ 671,502	\$ -
Licenses, Permits, & Fees	607,500	607,500	631,969	24,469
Contractual Services	74,000	74,000	67,524	(6,476)
State Grants	148,000	148,000	134,191	(13,809)
Other Grants	500	500	14,927	14,427
Reimbursements	1,720,098	1,720,098	-	(1,720,098)
Miscellaneous	5,000	5,000	32,244	27,244
Total Receipts	<u>3,226,600</u>	<u>3,226,600</u>	<u>1,552,356</u>	<u>(1,674,243)</u>
DISBURSEMENTS				
Current:				
Public Health Services				
Salaries	2,185,948	2,150,948	699,216	1,451,732
Fringe Benefits	448,040	404,040	156,738	247,302
Public Employees' Retirement	293,332	293,332	99,569	193,763
Materials & Supplies	123,050	127,050	104,372	22,678
Remittance to State	170,000	170,000	163,492	6,508
Equipment and Vehicles	37,500	37,500	27,447	10,053
Contracts - Services	56,400	71,400	63,557	7,843
Travel and Training	8,000	8,000	5,919	2,081
Repairs - Vehicles	3,500	3,500	1,375	2,125
Advertising and Printing	2,500	2,500	477	2,023
Utilities and Bldg Repairs	55,300	77,300	69,243	8,057
Insurance	20,000	20,000	18,815	1,185
Other	20,000	36,500	35,410	1,090
Debt Service				
Principal	31,834	35,334	34,549	785
Interest	40,358	43,858	43,062	796
Total Disbursements	<u>3,495,762</u>	<u>3,481,262</u>	<u>1,523,241</u>	<u>1,958,021</u>
Excess of Receipts Over (Under) Disbursements	(269,162)	(254,662)	29,115	283,777
Other Financing Sources (Uses)				
Transfers In	35,000	35,000	-	35,000
Transfers Out	45,000	45,000	45,000	-
Advances In	50,000	50,000	38,113	11,887
Advances Out	-	64,500	42,087	22,413
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>(24,500)</u>	<u>(48,974)</u>	<u>(24,474)</u>
Net Change in Fund Balances	(229,162)	(279,162)	(19,859)	259,303
Fund Balances Beginning of Year	460,146	460,146	460,146	-
Fund Balances End of Year	<u>\$ 230,984</u>	<u>\$ 180,984</u>	<u>\$ 440,287</u>	<u>\$ 259,303</u>

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMENS, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Federal Grants	\$ 640,193	\$ 661,183	\$ 666,431	\$ 5,248
Total Receipts	<u>640,193</u>	<u>661,183</u>	<u>666,431</u>	<u>5,248</u>
DISBURSEMENTS				
Current:				
Public Health Services				
Salaries	490,000	476,350	471,081	5,269
Fringe Benefits	62,275	60,275	57,536	2,739
Public Employees' Retirement	71,000	69,000	65,951	3,049
Materials & Supplies	15,670	51,770	51,592	178
Equipment and Vehicles	-	1,150	1,137	13
Contracts - Services	2,700	2,700	2,700	-
Rentals (Facilities/Lease Agreements)	26,928	26,928	26,928	-
Travel and Training	3,500	3,500	3,310	190
Utilities	3,500	3,600	3,529	71
Insurance	1,500	1,500	1,302	198
Other	-	800	775	25
Total Disbursements	<u>677,073</u>	<u>697,573</u>	<u>685,840</u>	<u>11,733</u>
Net Change in Fund Balances	(36,880)	(36,390)	(19,409)	16,981
Fund Balances Beginning of Year	<u>36,618</u>	<u>36,618</u>	<u>36,618</u>	<u>-</u>
Fund Balances End of Year	<u>\$ (262)</u>	<u>\$ 228</u>	<u>\$ 17,209</u>	<u>\$ 16,981</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

1. DESCRIPTION OF THE COMBINED HEALTH DISTRICT AND REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the General Health District of Allen County, (the District), as a body corporate and politic. A seven-member Board and Health Commissioner govern the District which provides health services in all of Allen County, including cities, villages, and townships.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. They comprise the District's legal entity, which provides services associated with immunization, vital statistics, health related licenses and permits, disease prevention and control, and public health nursing.

The Allen County Commissioners are the taxing authority for the District. The Allen County Auditor and the Allen County Treasurer are responsible for fiscal control of the resources of the District.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements follow the cash basis of accounting. The District's Basic Financial Statements consists of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct expenses with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

3. 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 District utilizes the governmental category of funds.

Governmental Funds

Governmental funds are those through which all governmental functions of the District typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the District's major governmental funds:

General Fund – This fund accounts for all financial resources except those required to be accounted for 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.

WIC Fund -This fund accounts solely for all receipts and expenditures related to the Women and Infant Children Grant. This grant is awarded annually by the Ohio Department of Health and all funds are Federal Funds. All federal and state guidelines are followed in disbursements of expenditures. Only approved WIC expenditures are disbursed from this fund.

The other governmental funds of the District account for grants and other resources whose use is restricted for a particular purpose.

4. Measurement Focus

The District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts are recognized when received in cash, rather than when earned and disbursements when paid, rather than when a liability is incurred.

5. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

B. Cash

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.

C. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the basis of accounting the District uses.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

D. Long-term Debt Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds for debt are reported when cash is received and principal and interest payments are reported when paid.

E. Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

F. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The budgetary basis reports expenditures when commitments are made (i.e. when an encumbrance is approved). The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriation resolution is the District's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the District. The legal level of budgetary control has been established by the District at the fund and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated certificate of amended resources in effect at the time final appropriations were passed by District.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by District during the year.

Budget versus actual statements for major funds are presented as part of the financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payment for unused leave. Unpaid leave is not reflected as liability under the basis of accounting the District uses.

H. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are presented in the financial statements as advances in/out.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

I. Fund Balance

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. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted

Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those 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 of Health, which includes giving the Director of Finance the authority to constrain monies for intended purposes.

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.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and the WIC Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. A difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). Another difference is the Severance Fund activity (\$37,933) is classified on the cash basis statements in the General Fund but excluded on the budgetary basis.

There is no difference between the budgetary basis and the cash basis for the WIC fund.

4. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District’s appropriations over 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 subdivision revenue.

5. CASH AND CASH EQUIVALENTS

The Allen County Commissioners maintain a cash pool used by all of the County’s funds, including those of the Combined Health District. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the District’s deposits with the Allen County Commissioner was \$596,132. The Allen County Board of Commissioners, as the fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County’s pooled cash and deposits accounts.

6. INTERFUND BALANCES

Interfund balances at December 31, 2013, consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$42,087	\$ -0-
IAP	-0-	969
PHEP	-0-	4,000
Dis/Std Preventiom	-0-	17,500
HIV/AIDS Fund	-0-	19,618
Total Interfund Receivables/Payables	<u>\$42,087</u>	<u>\$ 42,087</u>

Interfund balances at December 31, 2013, consisted of \$42,087 advanced from the General fund to other governmentl funds to provide working capital for operations. The Interfund receivables/payables are expected to be repaid within one year.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

7. RISK MANAGEMENT

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 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 retained earnings at December 31, 2012 and 2011. (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Retained Earnings	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 and \$13.0 million of estimated incurred claims payable. The assets and retained earnings above include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2012 and 2011, respectively. PEP will collect these amounts in the future annual premium billings when PEP's related liabilities are due for payment. As of December 31, 2013 the District's share of these unpaid claims collectible in future years is \$ 7,300.

Based on discussion 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 each year of the membership.

Contributions to PEP

- 2013 \$ 8,024
- 2012 6,243

Members may withdraw in each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of their anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus subsequent year's premium. Also, upon withdrawal, payments of all

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

property and casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Settled claims have not exceeded this coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year. The District also provides health insurance, dental, and vision coverage to full-time employees through a private carrier.

8. PENSION OBLIGATIONS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as follows: The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, by writing OPERS, 277 East Town Street, Columbus, Oh 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. While members in state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2013 member contribution rates were 10.0% of covered payroll for members in state and local classifications. The 2013 employer contribution rate for state and local employers was 14.0% for covered payroll. The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$278,883, \$277,011 and \$290,980, respectively; 100 percent has been contributed for all three years.

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both Traditional Pension and the Combined plans. Members of the Member-Directed do not qualify for ancillary benefits, including post-employment health care coverage.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

In order to qualify for post-employment health coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, by writing OPERS, 277 East Town Street, Columbus, Oh 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0% of covered payroll. These are the maximum employer contributions rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The rates stated above are the contractually required contribution rates for OPERS. The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$19,912, \$79,142 and \$83,220, respectively; 100 percent has been contributed for all years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and approved health care changes, OPERS expects to be able to consistently allocated 4 percent of the employer contributions toward the health care fund after the end of the transition period.

10. DEBT

Loan	Interest Rate	Balance January 1, 2013	Principal Paid	Balance December 31, 2013	Amount due in one year
Building	4.67%	\$ 737,740	\$ (28,364)	\$ 709,376	\$ 28,968
Improvements	6.50%	<u>67,114</u>	<u>(6,204)</u>	<u>60,910</u>	<u>6,962</u>
Total		<u>\$ 804,854</u>	<u>\$(34,568)</u>	<u>\$ 770,286</u>	<u>\$ 35,930</u>

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

The District secured a mortgage loan from the Union Bank Company in the amount of \$800,000, bearing interest at 4.67% to complete the purchase and renovation of its office building. The District principal and interest payments are due monthly with final payment due July 18, 2030. The loan is collateralized by the property located at 219 E. Market Street, Lima, Ohio.

During 2011, the District entered into a loan agreement with the First National Bank for improvements to the Property at 219 E. Market Street. The principal amount of the loan is \$75,000 bearing an interest rate of 6.50% with principal and interest payments due monthly with the final payment due July 29, 2021. The loan is collateralized by the full faith and credit of the District.

Amortization Schedule

	Building	Improvement	
Year	Principal and Interest	Principal and Interest	Total
2014	\$ 61,966	\$ 10,223	\$ 72,189
2015	61,966	10,223	72,189
2016	61,966	10,223	72,189
2017	61,966	10,223	72,189
2018	61,966	10,223	72,189
2019-2023	309,830	26,410	336,240
2024-2028	309,830	-0-	309,830
2029-2031	<u>96,513</u>	<u>-0-</u>	<u>96,513</u>
Totals	<u>\$1,026,003</u>	<u>\$ 77,525</u>	<u>\$1,103,528</u>

11. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned 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 constraints placed on fund balance for the major governmental funds and other governmental funds are presented below:

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Fund Balances	General Fund	WIC Fund	Other Governmental Funds	Total
Restricted for:				
WIC	-	\$ 17,209	-	\$ 17,209
Food Service	-	-	\$ 823	823
Solid Waste	-	-	3,250	3,250
Trailer Parks	-	-	6,188	6,188
Water Fund	-	-	661	661
Creating Healthy Communities	-	-	1,100	1,100
Family Planning	-	-	4,119	4,119
Pools	-	-	719	719
Immunization	-	-	614	614
Dis/Std Prevention	-	-	984	984
Public Health Infrastructure	-	-	857	857
Women's Prev. Health	-	-	420	420
Community Care Coordination	-	-	9,502	9,502
Construction and Demo Debris	-	-	18,692	18,692
Sewage	-	-	16,748	16,748
Ground Water	-	-	2,900	2,900
HIV/Aids Grant	-	-	2,042	2,042
Total Restricted	<u>-</u>	<u>17,209</u>	<u>69,619</u>	<u>86,828</u>
Committed for:				
Sick & Vacation Leave Payout	\$37,933	-	-	37,933
Building Improvements	<u>-</u>	<u>-</u>	31,084	31,084
Total Committed	<u>37,933</u>	<u>-</u>	<u>31,084</u>	<u>69,017</u>
Unassigned	<u>440,287</u>	<u>-</u>	<u>-</u>	<u>440,287</u>
Total Fund Balances	<u>\$ 478,220</u>	<u>\$ 17,209</u>	<u>\$ 100,703</u>	<u>\$ 596,132</u>

12. CONTINGENCIES

A. Litigation

The District may be a party to litigation. Although the outcome of the litigation is not presently determinable, management believes the resolution of these matters will not materially adversely affect the District's financial condition.

B. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

13. LEASES

Office Space

During 2010, the District entered into an agreement for the rental of space for the WIC Division. The lease was effective October 1, 2010 and originally terminated September 30, 2011, was extended until September 30, 2014. The lease amount is \$2,244 per month. Total payments required to fulfill this lease as of December 31, 2014 are \$20,196.

Office Equipment

The District entered into two lease agreements with US Bank for the lease of copiers. The District leases the equipment under non cancellable leases. The leases are for a total cost of \$5,475 and \$7,140 respectively. Final lease payments are due in 2017 and 2018 respectively. The District also entered into two lease agreements with Mail Finance for the lease of postage meter equipment. The District leases the equipment under non cancellable leases. The leases are for a total cost of \$5,880 and \$10,740 respectively. Final lease payments are due in 2018.

Lease expense for 2013 was \$2,810.

Future lease payments for the above leases are as follows:

Year	Copier 1 Amount Due	Copier 2 Amount Due	Postage Meter 1 Amount Due	Postage Meter 2 Amount Due
2014	\$ 1,095	\$ 1,428	\$ 1,176	\$ 2,148
2015	1,095	1,428	1,176	2,148
2016	1,095	1,428	1,176	2,148
2017	456	1,428	1,176	2,148
2018	<u>-0-</u>	<u>595</u>	<u>294</u>	<u>2,148</u>
Total	<u>\$ 3,741</u>	<u>\$ 6,307</u>	<u>\$ 4,998</u>	<u>\$ 10,740</u>

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	WA-07-14 WA-06-13	10.557	\$ 148,085 537,746
Total U.S. Department of Agriculture			<u>685,831</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Health:			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	BC-05-12 BC-06-13	93.283	23,680 <u>40,949</u>
Total Breast and Cervical Cancer Early Detection Program			64,629
Public Health Emergency Preparedness	PI-05-14 PH-04-13	93.069	47,371 <u>68,218</u>
Total Public Health Emergency Preparedness			115,589
Preventive Health and Health Services Block Grant Creating Healthy Communities	CH-02-13 CH-03-12	93.991	59,828 <u>3,613</u>
Total Preventive and Health Services			63,441
Maternal and Child Health Services Block Grant to States	RH-01-13	93.994	167,930
Reproductive Health and Wellness	RH-03-14 RH-02-13	93.217	36,593 <u>86,904</u>
Total Reproductive Health and Wellness			123,497
Immunization Grant	IM-06-13 IM-05-12	93.268	34,899 <u>1,608</u>
Total Immunization Grant			<u>36,507</u>
Total U.S. Department of Health and Human Services			<u>571,593</u>
Total Federal Financial Assistance			<u>\$ 1,257,424</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditure (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – COMMINGLING

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

General Health District
Allen County
P.O. Box 1503
219 E. Market Street
Lima, Ohio 45802

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the General Health District, Allen County (the District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

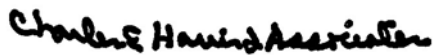
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
March 11, 2014

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

General Health District
Allen County
P.O. Box 1503
219 E. Market Street
Lima, Ohio 45802

To the Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the General Health District's, Allen County (District), compliance with the applicable requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2013. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assurance whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
March 11, 2014

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**GENERAL HEALTH DISTRICT
ALLEN COUNTY
December 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	CFDA # 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: >\$300,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS - (continued)
OMB CIRCULAR A-133 SECTION .505

GENERAL HEALTH DISTRICT
ALLEN COUNTY
December 31, 2013

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2012, reported no material citations or recommendations.



Dave Yost • Auditor of State

GENERAL HEALTH DISTRICT

ALLEN 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
MAY 8, 2014**