



Dave Yost • Auditor of State

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Erie County General Health District
Erie County
420 Superior Street
Sandusky, Ohio 44870-1815

To the Members of the Board:

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 Erie County General Health District, Erie 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Erie County General Health District, Erie County, Ohio, as of December 31, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Women, Infants, and Children, Clinical Patient Services, Institutional Nursing Contracts, and Environmental Health Programs funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 17, 2014

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Erie County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The discussion and analysis of the Erie County General Health District's financial performance provides an overview of the Health District's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole.

HIGHLIGHTS

Highlights for 2013 are as follows:

Net position decreased 19 percent from the prior year.

Approximately 58 percent of the services provided by the Health District are paid for through program revenues; charges for the services provided 42 percent with the remaining 16 percent being paid primarily through Medicare and/or Medicaid reimbursements and grants. The remainder of the Health District's revenues is made up of property tax levies and tax related reimbursements (homestead and rollback) and State provided resources (operating subsidy).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Erie County General Health District's financial position.

The statement of net position and the statement of activities provide information about the activities of the Health District as a whole, presenting both an aggregate and a longer-term view of the Health District.

Fund financial statements provide a greater level of detail. These statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Health District's most significant funds individually and the Health District's non-major funds in a single column. The Health District's major funds are the General Fund and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs funds.

REPORTING THE HEALTH DISTRICT AS A WHOLE

The statement of net position and the statement of activities reflect how the Health District did financially during 2013. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Health District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the Health District as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include such items as changes in the Health District's property tax base and the condition of the Health District's capital assets. These factors must be considered when assessing the overall health of the Health District.

Erie County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

In the statement of net position and the statement of activities, all of the Health District's activities are reflected as governmental activities. The programs and services reported here include general health and health clinic. These services are primarily funded by charges to clients (patients), Medicare and Medicaid reimbursements, and property taxes.

REPORTING THE HEALTH DISTRICT'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Health District's major funds, the General Fund; and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs funds. While the Health District uses a number of funds to account for its financial transactions, these are the most significant.

The Health District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. All of the Health District's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The fund financial statements provide a detailed short-term view of the Health District's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Health District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Health District's net position for 2013 and 2012.

	Table 1 Net Position		
	2013	Governmental Activities 2012	Change
<u>Assets</u>			
Current and Other Assets	\$4,214,599	\$5,045,488	(\$830,889)
Capital Assets, Net	327,690	129,762	197,928
Total Assets	<u>4,542,289</u>	<u>5,175,250</u>	<u>(632,961)</u>
<u>Liabilities</u>			
Current and Other Liabilities	367,693	432,393	64,700
Long-Term Liabilities	314,978	300,899	(14,079)
Total Liabilities	<u>682,671</u>	<u>733,292</u>	<u>50,621</u>

(continued)

Erie County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 1
Net Position

	Governmental Activities		
	2013	2012	Change
<u>Deferred Inflows of Resources</u>			
Property Taxes	\$1,917,394	\$2,042,390	\$124,996
<u>Net Position</u>			
Net Investment in Capital Assets	327,690	129,762	197,928
Restricted	0	4,483	(4,483)
Unrestricted	1,614,534	2,265,323	(650,789)
Total Net Position	\$1,942,224	\$2,399,568	(457,344)

A review of the above table reflects an overall decrease in net position of 19 percent. The decrease in current and other assets was due to a decrease in cash on hand as of year end (expenses exceeding revenues for the year) and a decrease in property taxes receivable (decrease in assessed value as a result of county-wide revaluation). This decrease is also reflected in the decrease in unrestricted net position. The increase in net capital assets and the net investment in capital assets was primarily due to the purchase of medical equipment (x-ray, computer, and examination room furniture) for the new dental clinic.

Table 2 reflects the change in net position for 2013 and 2012.

Table 2
Change in Net Position

	Governmental Activities		
	2013	2012	Change
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$2,708,398	\$2,621,171	\$87,227
Operating Grants and Contributions	1,081,193	1,303,458	(222,265)
Total Program Revenues	3,789,591	3,924,629	(135,038)
General Revenues			
Property Taxes Levied for General Purposes	1,783,456	1,911,147	(127,691)
Grants and Entitlements not Restricted to Specific Programs	385,912	391,163	(5,251)
Other	66,383	54,312	12,071
Total General Revenues	2,235,751	2,356,622	(120,871)
Total Revenues	6,025,342	6,281,251	(255,909)

(continued)

Erie County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2
Change in Net Position

	Governmental Activities		
	2013	2012	Change
<u>Program Expenses</u>			
General Health	\$4,193,901	\$4,184,521	(\$9,380)
Health Clinic	2,288,785	1,789,895	(498,890)
Total Expenses	6,482,686	5,974,416	(508,270)
Increase (Decrease) in Net Position	(457,344)	306,835	(764,179)
Net Position Beginning of Year	2,399,568	2,092,733	306,835
Net Position End of Year	1,942,224	\$2,399,568	(\$457,344)

As mentioned previously, approximately 58 percent (66 percent in 2012) of the services provided by the Health District are paid for through charges for the services provided and through Medicare and/or Medicaid reimbursements and grants. The remainder of the Health District's revenues is made up of property tax levies and tax related reimbursements (homestead and rollback) and State provided resources (operating subsidy). The overall change in revenues from the prior year was 4 percent. Charges for services increased slightly due to dental clinic activity starting in 2013. There was also a significant decrease in operating grants for the health clinic due to the elimination of the Beach Survey, AIDS, and Healthy Homes grants.

Approximately 65 percent of the Health District's expenses are related to providing general health services which includes the women, infants, and children program; provision of nursing services; administration of vital statistics; AIDS programs; issuance of various licenses and permits; the 211 referral service; and numerous community and family health programs. The costs of these services remained very similar to those of the prior year. The remainder of the Health District's expenses account for the operations of the health clinic. These costs which will vary annually dependent on patients served.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
General Health	\$4,193,901	\$1,505,081	\$4,184,521	\$1,373,589
Health Clinic	2,288,785	1,188,014	1,789,895	676,198
	\$6,482,686	\$2,693,095	\$5,974,416	\$2,049,787

Erie County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

As identified above, 64 percent of the costs of providing general health services are paid for with program revenues; by charges for the services provided to clients (patients) and through reimbursements from Medicare/Medicaid as well as through various grants. Over 48 percent of the services provided through the health clinic are paid for in a similar manner. Resources received through property tax levies (general revenue) generally makes up balance of the costs for services provided.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Health District's major governmental funds are the General Fund; and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs funds.

The General Fund experienced a 27 percent decrease in fund balance from the prior year. Although revenues remained very comparable to the prior year; expenditures, including transfers, increased 31 percent causing expenditures to exceed revenues in 2013.

The Women, Infants, and Children; Clinical Patient Services; and Environmental Health Programs funds all had deficit fund balances at the end of 2011, 2012, and 2013. In 2013, the Institutional Nursing Contracts fund also had a deficit fund balance. These deficits are the result of accruals for various liabilities. The Health District transfers resources to these funds at year end to account for expenditures made in excess of current year revenues (to bring the cash balance to zero); however, does not account for the accruals for liabilities. The General Fund provides transfers to cover deficit balances when cash is needed rather than when accruals occur.

BUDGETARY HIGHLIGHTS

The Health District prepares an annual budget of revenues and expenditures/expenses for all funds of the Health District for use by Health District officials and such other budgetary documents as are required by State statute, including the annual appropriations measure which is effective the first day of January.

The Health District's most significant budgeted fund is the General Fund. For revenues, there was no change from the original budget to the final budget. The change from the final budget to actual revenues was largely due to lower property taxes received than estimated. For expenditures, the final budget was significantly more than the original budget due to expenditures for the Health Department renovations. Actual expenditures were 15 percent less than the final budget due to budgeting conservatively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Health District's investment in capital assets as of December 31, 2013, was \$327,690 (net of accumulated depreciation). Major additions for the year consisted of the purchase of equipment for the new dental clinic. For further information regarding the Health District's capital assets, refer to Note 8 to the basic financial statements.

Debt - At December 31, 2013, the Health District had a liability for compensated absences (future severance payments). For further information regarding the Health District's long-term obligations, refer to Note 13 to the basic financial statements.

Erie County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

CURRENT ISSUES

The Health District operates with a current organizational structure that includes six service area divisions while serving as a public entity for the co-applicant, the Erie County Community Health Center. The senior management staff, including the Health Commissioner and all six divisional directors, are assembling an organizational strategic plan. This strategic plan will include six major areas focusing on goal attainment and resource utilization. The strategic plan is a part of the Health District's performance management protocol.

Performance management will enable our staff and our governing board to implement future initiatives in a fashion that parallels flexibility, critical thinking, and accurate policy development. These essential ingredients will provide for continual financial excellence. A part of our strategic plan includes reference to our business plan, our cultural competence, and most importantly, the succession planning process. Succession planning efforts are underway at the Health District. Our philosophy has been repeated on a national scale through academic programs searching for implementation strategies other agencies could use.

A large percentage of our current cross training and succession planning revolves around finances. Federal, state, and local opportunities exist for funding. Regional approaches dictate most funding opportunities. The Health District, as we move into leadership roles including administrative duties with grants, must assure the funders and our regional partners that we are fiscally adept. We inherently introduce all up and coming staff into the proper financial techniques in an effort to remain prepared and flexible.

The financial report for the Health District will tie into accreditation standards that will allow interested parties to follow our financial structure on a programmatic level.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Health District's finances for all those interested in the Health District's financial well being. Questions any of the information provided in this report or requests for additional information should be directed to Joseph Palmucci, CFO, 420 Superior Street, Sandusky, Ohio 44870-1815.

Erie County General Health District
Statement of Net Position
December 31, 2013

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$1,689,471
Accounts Receivable	63,718
Due from Other Governments	335,168
Prepaid Items	24,066
Materials and Supplies Inventory	18,234
Property Taxes Receivable	2,083,942
Depreciable Capital Assets, Net	<u>327,690</u>
 Total Assets	 <u>4,542,289</u>
<u>Liabilities</u>	
Accrued Wages Payable	201,072
Accounts Payable	62,687
Due to Other Governments	103,934
Long-Term Liabilities	
Due Within One Year	98,178
Due in More Than One Year	<u>216,800</u>
 Total Liabilities	 <u>682,671</u>
<u>Deferred Inflows of Resources</u>	
Property Taxes	<u>1,917,394</u>
<u>Net Position</u>	
Net Investment in Capital Assets	327,690
Unrestricted	<u>1,614,534</u>
 Total Net Position	 <u><u>\$1,942,224</u></u>

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Governmental Activities</u>				
General Health	\$4,193,901	\$1,714,551	\$974,269	(\$1,505,081)
Health Clinic	2,288,785	993,847	106,924	(1,188,014)
Total Governmental Activities	\$6,482,686	\$2,708,398	\$1,081,193	(2,693,095)
<u>General Revenues</u>				
Property Taxes Levied for General Purposes				1,783,456
Grants and Entitlements not Restricted to Specific Programs				385,912
Other				66,383
Total General Revenues				2,235,751
Change in Net Position				(457,344)
Net Position Beginning of Year				2,399,568
Net Position End of Year				\$1,942,224

See Accompanying Notes to the Basic Financial Statements

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Erie County General Health District
Balance Sheet
Governmental Funds
December 31, 2013

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,689,471	\$0	\$0	\$0
Accounts Receivable	0	0	45,258	1,883
Due from Other Governments	161,072	16,534	14,635	129,780
Prepaid Items	24,066	0	0	0
Materials and Supplies Inventory	0	0	18,234	0
Property Taxes Receivable	2,083,942	0	0	0
Total Assets	<u>\$3,958,551</u>	<u>\$16,534</u>	<u>\$78,127</u>	<u>\$131,663</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$9,102	\$28,602	\$62,219	\$34,775
Accounts Payable	4,155	578	49,844	4,490
Due to Other Governments	3,813	10,968	26,817	10,151
Total Liabilities	<u>17,070</u>	<u>40,148</u>	<u>138,880</u>	<u>49,416</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes Receivable	1,917,394	0	0	0
Unavailable Revenue	327,620	0	6,979	131,663
Total Deferred Inflows of Resources	<u>2,245,014</u>	<u>0</u>	<u>6,979</u>	<u>131,663</u>
<u>Fund Balance</u>				
Nonspendable	24,066	0	18,234	0
Restricted	0	0	0	0
Unassigned (Deficit)	1,672,401	(23,614)	(85,966)	(49,416)
Total Fund Balance (Deficit)	<u>1,696,467</u>	<u>(23,614)</u>	<u>(67,732)</u>	<u>(49,416)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$3,958,551</u>	<u>\$16,534</u>	<u>\$78,127</u>	<u>\$131,663</u>

See Accompanying Notes to the Basic Financial Statements

<u>Environmental Health Programs</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$0	\$0	\$1,689,471
14,090	2,487	63,718
2,980	10,167	335,168
0	0	24,066
0	0	18,234
<u>0</u>	<u>0</u>	<u>2,083,942</u>
<u>\$17,070</u>	<u>\$12,654</u>	<u>\$4,214,599</u>
\$42,471	\$23,903	\$201,072
2,965	655	62,687
<u>20,414</u>	<u>31,771</u>	<u>103,934</u>
<u>65,850</u>	<u>56,329</u>	<u>367,693</u>
0	0	1,917,394
<u>0</u>	<u>3,237</u>	<u>469,499</u>
<u>0</u>	<u>3,237</u>	<u>2,386,893</u>
0	0	42,300
0	2,023	2,023
<u>(48,780)</u>	<u>(48,935)</u>	<u>1,415,690</u>
<u>(48,780)</u>	<u>(46,912)</u>	<u>1,460,013</u>
<u>\$17,070</u>	<u>\$12,654</u>	<u>\$4,214,599</u>

Erie County General Health District
 Reconciliation of Total Governmental Fund Balance
 to Net Position of Governmental Activities
 December 31, 2013

Total Governmental Fund Balance		\$1,460,013
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Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		327,690
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	131,663	
Due from Other Governments	171,288	
Delinquent Property Taxes Receivable	166,548	
		469,499

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(314,978)
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Net Position of Governmental Activities		\$1,942,224
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See Accompanying Notes to the Basic Financial Statements

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Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2013

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
<u>Revenues</u>				
Property Taxes	\$1,821,719	\$0	\$0	\$0
Charges for Services	0	0	993,847	611,576
Fees, Licenses, and Permits	0	0	0	0
Intergovernmental	460,680	631,785	124,355	0
Other	46,449	0	9,380	0
Total Revenues	2,328,848	631,785	1,127,582	611,576
<u>Expenditures</u>				
Current:				
General Health				
Salaries	133,956	436,005	0	570,244
Fringe Benefits	46,530	136,106	0	130,010
Travel and Transportation	22,878	3,420	0	9,089
Contractual Services	567,996	52,954	0	49,966
Materials and Supplies	72,805	4,414	0	31
Occupancy and Maintenance	33,360	34,842	0	10,284
Intergovernmental	0	0	0	0
Capital Outlay	27,238	0	0	0
Other	2,490	120	0	424
Health Clinic				
Salaries	0	0	886,818	0
Fringe Benefits	0	0	312,828	0
Travel and Transportation	0	0	29,772	0
Contractual Services	0	0	576,271	0
Materials and Supplies	0	0	323,684	0
Occupancy and Maintenance	0	0	95,508	0
Capital Outlay	0	0	268,220	0
Other	0	0	3,288	0
Total Expenditures	907,253	667,861	2,496,389	770,048
Excess of Revenues Over (Under) Expenditures	1,421,595	(36,076)	(1,368,807)	(158,472)
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	61,016	1,311,039	98,164
Transfers Out	(2,042,617)	0	0	0
Total Other Financing Sources (Uses)	(2,042,617)	61,016	1,311,039	98,164
Changes in Fund Balance	(621,022)	24,940	(57,768)	(60,308)
Fund Balance (Deficit) Beginning of Year	2,317,489	(48,554)	(9,964)	10,892
Fund Balance (Deficit) End of Year	<u>\$1,696,467</u>	<u>(\$23,614)</u>	<u>(\$67,732)</u>	<u>(\$49,416)</u>

See Accompanying Notes to the Basic Financial Statements

Environmental Health Programs	Other Governmental	Total Governmental Funds
\$0	\$0	\$1,821,719
261,501	11,208	1,878,132
514,342	184,261	698,603
42,574	240,999	1,500,393
152	10,402	66,383
<u>818,569</u>	<u>446,870</u>	<u>5,965,230</u>
668,199	347,906	2,156,310
217,665	110,769	641,080
41,718	8,606	85,711
38,149	50,240	759,305
19,088	10,292	106,630
40,430	36,226	155,142
124,627	104,082	228,709
1,676	2,038	30,952
120	3,153	6,307
0	0	886,818
0	0	312,828
0	0	29,772
0	0	576,271
0	0	323,684
0	0	95,508
0	0	268,220
0	0	3,288
<u>1,151,672</u>	<u>673,312</u>	<u>6,666,535</u>
<u>(333,103)</u>	<u>(226,442)</u>	<u>(701,305)</u>
343,522	246,278	2,060,019
0	(17,402)	(2,060,019)
<u>343,522</u>	<u>228,876</u>	<u>0</u>
10,419	2,434	(701,305)
<u>(59,199)</u>	<u>(49,346)</u>	<u>2,161,318</u>
<u>(\$48,780)</u>	<u>(\$46,912)</u>	<u>\$1,460,013</u>

Erie County General Health District
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2013

Changes in Fund Balance - Total Governmental Funds (\$701,305)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

Capital Outlay - Depreciable Capital Assets	215,483	
Depreciation	<u>(17,555)</u>	
		197,928

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	(38,263)	
Charges for Services	131,663	
Intergovernmental	<u>(33,288)</u>	
		60,112

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(14,079)

Change in Net Position of Governmental Activities

(\$457,344)

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,948,088	\$1,937,588	\$1,821,719	(\$115,869)
Charges for Services	0	0	2,032	2,032
Intergovernmental	485,372	455,872	460,680	4,808
Other	30,000	70,000	46,541	(23,459)
Total Revenues	2,463,460	2,463,460	2,330,972	(132,488)
<u>Expenditures</u>				
Current:				
General Health				
Salaries	216,705	221,622	131,205	90,417
Fringe Benefits	76,778	78,457	44,797	33,660
Travel and Transportation	16,500	23,590	22,739	851
Contractual Services	243,965	673,604	650,720	22,884
Materials and Supplies	33,300	74,111	71,434	2,677
Occupancy and Maintenance	39,000	40,020	27,216	12,804
Capital Outlay	10,000	28,260	27,238	1,022
Other	11,500	11,593	2,490	9,103
Total Expenditures	647,748	1,151,257	977,839	173,418
Excess of Revenues Over Expenditures	1,815,712	1,312,203	1,353,133	40,930
<u>Other Financing Uses</u>				
Transfers Out	0	(2,042,617)	(2,042,617)	0
Changes in Fund Balance	1,815,712	(730,414)	(689,484)	40,930
Fund Balance Beginning of Year	2,378,955	2,378,955	2,378,955	0
Fund Balance End of Year	\$4,194,667	\$1,648,541	\$1,689,471	\$40,930

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Women, Infants, and Children Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$638,821	\$661,980	\$615,251	(\$46,729)
<u>Expenditures</u>				
Current:				
General Health				
Salaries	478,575	443,808	443,808	0
Fringe Benefits	166,950	137,067	137,067	0
Travel and Transportation	3,500	3,456	3,456	0
Contractual Services	41,055	52,745	52,745	0
Materials and Supplies	4,500	4,342	4,342	0
Occupancy and Maintenance	28,200	34,729	34,729	0
Other	0	120	120	0
Total Expenditures	722,780	676,267	676,267	0
Excess of Revenues Under Expenditures	(83,959)	(14,287)	(61,016)	(46,729)
<u>Other Financing Sources</u>				
Transfers In	0	61,016	61,016	0
Changes in Fund Balance	(83,959)	46,729	0	(46,729)
Fund Balance Beginning of Year	0	0	0	0
Fund Balance (Deficit) End of Year	(\$83,959)	\$46,729	\$0	(\$46,729)

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Clinical Patient Services Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Charges for Services	\$971,405	\$1,229,972	\$1,016,676	(\$213,296)
Intergovernmental	55,000	55,000	135,851	80,851
Other	0	2,000	9,324	7,324
Total Revenues	1,026,405	1,286,972	1,161,851	(125,121)
<u>Expenditures</u>				
Current:				
Health Clinic				
Salaries	1,075,948	877,270	877,270	0
Fringe Benefits	396,330	310,358	310,358	0
Travel and Transportation	26,600	29,970	29,970	0
Contractual Services	481,170	556,872	556,708	164
Materials and Supplies	316,000	336,312	336,312	0
Occupancy and Maintenance	68,000	90,464	90,464	0
Capital Outlay	22,500	268,220	268,220	0
Other	7,000	3,588	3,588	0
Total Expenditures	2,393,548	2,473,054	2,472,890	164
Excess of Revenues Under Expenditures	(1,367,143)	(1,186,082)	(1,311,039)	(124,957)
<u>Other Financing Sources</u>				
Transfers In	0	1,311,039	1,311,039	0
Changes in Fund Balance	(1,367,143)	124,957	0	(124,957)
Fund Balance Beginning of Year	0	0	0	0
Fund Balance (Deficit) End of Year	(\$1,367,143)	\$124,957	\$0	(\$124,957)

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Institutional Nursing Contracts Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services	\$685,000	\$683,812	\$662,920	(\$20,892)
<u>Expenditures</u>				
Current:				
General Health				
Salaries	564,322	562,261	562,261	0
Fringe Benefits	142,107	129,075	129,075	0
Travel and Transportation	9,000	8,988	8,988	0
Contractual Services	54,000	49,978	50,012	(34)
Materials and Supplies	700	31	31	0
Occupancy and Maintenance	11,000	10,233	10,233	0
Other	500	484	484	0
Total Expenditures	781,629	761,050	761,084	(34)
Excess of Revenues Under Expenditures	(96,629)	(77,238)	(98,164)	(20,926)
<u>Other Financing Sources</u>				
Transfers In	0	98,164	98,164	0
Changes in Fund Balance	(96,629)	20,926	0	(20,926)
Fund Balance Beginning of Year	0	0	0	0
Fund Balance (Deficit) End of Year	(\$96,629)	\$20,926	\$0	(\$20,926)

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Environmental Health Programs Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Charges for Services	\$219,000	\$252,697	\$258,732	\$6,035
Fees, Licenses, and Permits	535,560	582,758	512,840	(69,918)
Intergovernmental	119,000	41,780	43,174	1,394
Other	2,500	0	152	152
	876,060	877,235	814,898	(62,337)
<u>Expenditures</u>				
Current:				
General Health				
Salaries	683,279	666,078	666,078	0
Fringe Benefits	227,046	218,318	218,318	0
Travel and Transportation	44,400	41,933	41,933	0
Contractual Services	73,780	48,029	48,091	(62)
Materials and Supplies	24,200	19,664	19,664	0
Occupancy and Maintenance	28,400	40,065	40,065	0
Intergovernmental	125,300	122,475	122,475	0
Capital Outlay	2,500	1,676	1,676	0
Other	0	120	120	0
	1,208,905	1,158,358	1,158,420	(62)
Excess of Revenues Under Expenditures	(332,845)	(281,123)	(343,522)	(62,399)
<u>Other Financing Sources</u>				
Transfers In	0	343,522	343,522	0
Changes in Fund Balance	(332,845)	62,399	0	(62,399)
Fund Balance Beginning of Year	0	0	0	0
Fund Balance (Deficit) End of Year	(\$332,845)	\$62,399	\$0	(\$62,399)

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 1 - DESCRIPTION OF THE ERIE COUNTY GENERAL HEALTH DISTRICT AND THE REPORTING ENTITY

A. The Health District

The constitution and laws of the State of Ohio establish the rights and privileges of the Erie County General Health District, Erie County (the Health District), as a body corporate and politic. The Health District is a combined Board of Health as defined by Section 3709.07 of the Ohio Revised Code. The Health District is the union of the city health departments of Sandusky, Huron, and Vermilion and the Erie County Board of Health. The Health District operates under the direction of an eleven-member appointed Board of Health with five members appointed by the City of Sandusky, one member each appointed by the cities of Huron and Vermilion, three members appointed by the District Advisory Council, and one member appointed by the District Licensing Council. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and issuing health-related licenses and permits.

B. Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Erie County General Health District consists of all funds, departments, boards, and agencies that are not legally separate from the Health District.

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the Health District in that the Health District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Health District. There were no component units of the Health District in 2013.

The Health District participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Erie County General Health District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Health District's accounting policies.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The Health District's basic financial statements consist of government-wide financial 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.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Health District as a whole.

The statement of net position presents the financial condition of the governmental activities of the Health District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Health 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 revenues 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. Revenues which are not classified as program revenues are presented as general revenues of the Health District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health 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 Health 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. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Health 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. All of the Health District's funds are governmental funds.

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. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the Health District's major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Women, Infants, and Children Fund - This fund accounts for state and federal grants restricted for personnel costs, supplies, and rent for the various WIC programs.

Clinical Patient Services Fund - This fund accounts for state grants and patient fees restricted for personnel costs, supplies, and contracts to run the clinic.

Institutional Nursing Contracts Fund - This fund accounts for fees restricted to providing nursing services to various entities throughout the County.

Environmental Health Programs Fund - This fund accounts for fees, licenses, and permits restricted to providing healthy environmental conditions.

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Health District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Health District, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the Health District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Health District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Health District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services and grants.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Health District did not report any deferred outflows of resources for 2013.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Health District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Health District, unavailable revenue includes intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations measure, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations measure is the Board of Health's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Health. The level of control has been established by the Board of Health at the fund level for all funds. Budgetary allocations at the function and object level for all funds are made by the Chief Financial Officer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Financial Officer. 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 resources requested by the Board of Health prior to year end.

The appropriations measure 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 appropriations measure 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 the Board of Health during the year.

F. Cash and Investments

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Capital Assets

All of the Health District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Health District maintains a capitalization threshold of two thousand five hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures, and Equipment	5-20 years

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Health District will compensate the employees for the benefits through paid time off or some other means. The Health District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Health District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the Health District's termination policy. The Health District records a liability for accumulated unused sick leave for all employees with ten or more years of service with the Health District.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

L. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

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

Nonspendable - The nonspendable classification 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" includes items that are not expected to be converted to cash.

Restricted - The restricted classification includes amounts 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action of the Board of Health. The 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 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 classification are intended to be used by the Board of Health 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. Assigned amounts represent intended uses established by the Board of Health. The Board of Health has authorized the Chief Financial Officer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Health District first applies restricted resources when an expenditure is 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 can be used.

N. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2013, the Health District has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus". GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change to the Health District financial statements.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2013, the following funds had deficit fund balances:

Fund Type/Fund	Deficit
Major Special Revenue Funds	
Women, Infants, and Children	\$23,614
Clinical Patient Services	67,732
Institutional Nursing Contracts	49,416
Environmental Health Programs	48,780
Nonmajor Special Revenue Funds	
Child and Family Health	3,261
Public Health Emergency Planning and Response	8,032
Vital Statistics	25,450
Community Health	12,192

The deficit fund balances in the special revenue funds resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2013.

Fund Type/Fund	Estimated Resources Plus Available Balances	Appropriations	Excess
Original Budget			
Women, Infants, and Children	\$638,821	\$722,780	\$83,959
Clinical Patient Services	1,026,405	2,393,548	1,367,143
Institutional Nursing Contracts	685,000	781,629	96,629
Environmental Health Programs	876,060	1,208,905	332,845
Final Budget			
Public Health Emergency Planning and Response	125,098	127,077	1,979
Bureau of Children with Medical Handicaps	40,966	48,889	7,923
AIDS Grant	1,522	13,104	11,582

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

Although the Health District maintains multiple funds for which its Board of Health approves appropriations, the Health District presents combined appropriation data to the County Commissioners. As such, the Health District has limited its review of budgetary compliance to the level presented to the County Commissioners. Budgetary compliance is to be maintained at the level of appropriation as approved by the Board of Health and will work towards ensuring appropriate budgetary review. The Chief Financial Officer will review appropriations to ensure they are within amounts available.

The following funds had expenditures in excess of appropriations for the year ended December 31, 2013:

Fund	Appropriations	Expenditures	Excess
Governmental Activities			
Institutional Nursing Contracts	\$761,050	\$761,084	\$34
Environmental Health Programs	1,158,358	1,158,420	62
Public Health Emergency Planning and Response	127,077	127,359	282
Vital Statistics	189,843	194,098	4,255

The Chief Financial Officer will monitor budgetary transactions to ensure expenditures are within amounts appropriated.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts	Environmental Health Programs
GAAP Basis	(\$621,022)	\$24,940	(\$57,768)	(\$60,308)	\$10,419
<u>Increases (Decreases) Due To</u>					
Revenue Accruals:					
Accrued 2012, Received in Cash 2013	2,124	0	87,183	51,344	13,399
Accrued 2013, Not Yet Received in Cash	0	(16,534)	(52,914)	0	(17,070)
Expenditure Accruals:					
Accrued 2012, Paid in Cash 2013	(98,658)	(48,554)	(100,858)	(40,452)	(72,598)
Accrued 2013, Not Yet Paid in Cash	17,070	40,148	138,880	49,416	65,850
Prepaid Items	11,002	0	0	0	0
Materials and Supplies Inventory	0	0	(14,523)	0	0
Budget Basis	<u>(689,484)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2013, consisted of accounts (billings for health services); intergovernmental receivables arising from grants, entitlements, and shared revenues; and property taxes. All receivables are considered collectible in full and within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$122,200
Personal Property Phase-Out	38,872
Total General Fund	<u>161,072</u>
Women, Infants, and Children	
Women, Infants, and Children Grant	<u>16,534</u>

(continued)

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 6 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Major Funds (continued)	
Clinical Patient Services	
Medicaid	\$7,636
Reproductive Health and Wellness Grant	6,979
Other	20
Total Clinical Patient Services	14,635
Institutional Nursing Contracts	
School Contracts	90,672
Jail Contracts	39,108
Total Institutional Nursing Contracts	129,780
Environmental Health Programs	
Charges for Services	2,980
Total Major Funds	325,001
Nonmajor Funds	
Child and Family Health	
CFHSP Grant	327
Immunization Action Plan	
Immunization Action Plan Grant	4,280
Public Health Emergency Planning and Response	
Public Health Emergency Planning and Response Grant	2,910
Bureau of Children with Medical Handicaps	
Children with Medical Handicaps Program	2,650
Total Nonmajor Funds	10,167
Total Governmental Activities	\$335,168

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2013 represent the collection of 2012 taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2011, were levied after October 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 7 - PROPERTY TAXES (continued)

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Erie County General Health District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources-property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on a modified accrual basis, the revenue has been reported as deferred inflows of resources-unavailable revenue.

The full tax rate for all Health District operations for the year ended December 31, 2013, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2013 property tax receipts were based are as follows:

Category	Amount
Real Property	
Agricultural	\$90,255,420
Residential	1,509,628,560
Commercial	383,504,610
Industrial	42,265,990
Public Utility Property	
Real	9,723,570
Personal	61,781,430
Total Assessed Value	\$2,097,159,580

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013
Governmental Activities:				
Depreciable Capital Assets				
Furniture, Fixtures, and Equipment	\$187,493	\$215,483	\$0	\$402,976
Less Accumulated Depreciation for Furniture, Fixtures, and Equipment	(57,731)	(17,555)	0	(75,286)
Governmental Activities Capital Assets, Net	\$129,762	\$197,928	\$0	\$327,690

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Health	\$12,795
Health Clinic	4,760
Total Depreciation Expense - Governmental Activities	\$17,555

NOTE 9 - RISK MANAGEMENT

The Health District participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The Health District pays an annual premium to the pool for various types of insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2013, the Health District had the following insurance coverage:

Type of Coverage	Coverage	Deductible
General Liability	\$3,000,000	\$1,000
Medical Malpractice Liability	3,000,000	1,000
Automobile Liability	3,000,000	0
Wrongful Acts	3,000,000	1,000

There has been no significant reduction in insurance coverage from 2012, and no insurance settlement has exceeded insurance coverage during the last three years.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Plan Description - The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is 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 plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll. For 2013, member and employer contribution rates were consistent across all three plans.

The Health District's 2013 contribution rate was 14 percent. The portion of the Health District's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the Health District's contribution allocated to health care for members in both the traditional and combined plans was 1 percent for 2013. Effective January 1, 2014, the portion of the employer contribution allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The Health District's required contribution for pension obligations for the years ended December 31, 2013, 2012, and 2011 was \$372,844, \$282,677, and \$283,639, respectively. For 2013, 93 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the member-directed plan for 2013 were \$20,942 made by the Health District and \$14,958 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-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 postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 1 percent in 2013. Effective January 1, 2014, the portion of the employer contribution allocated to health care was raised to 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Health District's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2013, 2012, and 2011 was \$30,291, \$121,126, and \$122,787, respectively. For 2013, 93 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 12 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from personnel policies and State laws.

Health District employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave, not to exceed three years of accumulated leave, upon termination.

Sick leave is earned at four and six-tenths hours per pay period as defined by Health District personnel policies. Any employee with the Health District, who elects to retire, is entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of two hundred forty hours.

NOTE 13 - LONG-TERM OBLIGATIONS

The Health District's long-term obligations activity for the year ended December 31, 2013, was as follows:

	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<u>Governmental Activities</u>					
Compensated Absences Payable	\$300,899	\$43,925	\$29,846	\$314,978	\$98,178

Compensated Absences

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

NOTE 14 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
Nonspendable for:				
Prepaid Items	\$24,066	\$0	\$0	\$0
Materials and Supplies Inventory	0	0	18,234	0
Total Nonspendable	24,066	0	18,234	0

(continued)

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 14 - FUND BALANCE (continued)

Fund Balance	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
Restricted for:				
Bureau of Children with Medical Handicaps	\$0	\$0	\$0	\$0
Immunization Action Plan	0	0	0	0
Total Restricted	0	0	0	0
Unassigned (Deficit)	1,672,401	(23,614)	(85,966)	(49,416)
Total Fund Balance (Deficit)	\$1,696,467	(\$23,614)	(\$67,732)	(\$49,416)

Fund Balance	Environmental Health Programs	Other Governmental
Nonspendable for:		
Prepaid Items	\$0	\$0
Materials and Supplies Inventory	0	0
Total Nonspendable	0	0
Restricted for:		
Bureau of Children with Medical Handicaps	0	78
Immunization Action Plan	0	1,945
Total Restricted	0	2,023
Unassigned (Deficit)	(48,780)	(48,935)
Total Fund Balance (Deficit)	(\$48,780)	(\$46,912)

NOTE 15 - INTERFUND TRANSFERS

During 2013, the General Fund made transfers to the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs special revenue funds and other governmental funds, in the amount of \$61,016, \$1,311,039, \$98,164, \$343,522, and \$228,876, respectively, to subsidize various programs or activities in those funds. Other governmental funds made transfers to other governmental funds, in the amount \$17,402, to subsidize various programs or activities in other funds.

NOTE 16 - PUBLIC ENTITY SHARED RISK POOL

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

**Erie County General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013
(continued)**

NOTE 16 - PUBLIC ENTITY SHARED RISK POOL (continued)

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6500 Taylor Road, Blacklick, Ohio 43004.

NOTE 17 - CONTINGENT LIABILITIES

A. Litigation

There are currently no matters in litigation with the Erie County General Health District as defendant.

B. Federal and State Grants

For the period January 1, 2013, to December 31, 2013, the Health District received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Health District believes such disallowances, if any, would be immaterial.

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC Program)	02210011WA0613 02210011WA0714	10.557	\$ 472,389 <u>121,866</u>
Total U.S. Department of Agriculture			<u>594,255</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Health</i>			
Child and Family Health Services Block Grant (CFHS)	02210011MC0613 02210011MC0714	93.994	34,917 <u>29,267</u>
Total CFHS			<u>64,184</u>
Reproductive Health and Wellness	02210011RH0213 02210011RH0314	93.217	73,991 <u>31,423</u>
Total Reproductive Health and Wellness			<u>105,414</u>
Public Health Emergency Preparedness Grant (+ Public Health Emergency Response)	02210012PH0413 02210012PH0514	93.069	59,624 <u>42,205</u>
Total Public Health Emergency Preparedness Grant			<u>101,829</u>
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	02210011HH0112	93.197	4,570
Total U.S. Department of Health and Human Services			<u>275,997</u>
TOTAL SCHEDULE OF FEDERAL AWARDS EXPENDITURES			<u>\$ 870,252</u>

The accompanying notes are an integral part of this Schedule.

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE 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 Expenditures (the Schedule) reports Erie County General Health District's (the District's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain federal programs require the District to contribute non-federal funds (matching funds) to support the federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-federal matching funds.



Dave Yost • Auditor of State

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

Erie County General Health District
Erie County
420 Superior Street
Sandusky, Ohio 44870-1815

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 Erie County General Health District, Erie 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 and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.ohioauditor.gov

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

September 17, 2014



Dave Yost • Auditor of State

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

Erie County General Health District
Erie County
420 Superior Street
Sandusky, Ohio 44870-1815

To the Members of the Board:

Report on Compliance for the Major Federal Program

We have audited Erie County General Health District, Erie County, Ohio's (the District) compliance with the applicable requirements described in the 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* in 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 federal programs.

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 assure 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 of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Erie County General Health District, Erie County, Ohio 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.



Dave Yost
Auditor of State

Columbus, Ohio

September 17, 2014

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**SCHEDULE OF FINDING
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

ERIE COUNTY GENERAL HEALTH DISTRICT

ERIE 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
OCTOBER 2, 2014**