

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

Audit Report

Year Ended December 31, 2011

Charles E. Harris & Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the General Health District, Allen County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 30, 2012

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**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

AUDIT REPORT

For the year ended December 31, 2011

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Members of the District:

We have audited the accompanying basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the General Health District, Allen County (the District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.


In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the General Health District, Allen County as of December 31, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Women, Infants and Children funds for the year then ended in conformity with the accounting basis Note 2 describes.

For the year ended December 31, 2011, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

As described in Note 6, during 2011 the General Health District, Allen County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing on internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. The schedule of federal awards expenditures (the schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the schedule provide additional information, but are not part of the basic financial statements. However, these tables and the schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Charles E. Harris & Associates, Inc.

May 21, 2012

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

This discussion and analysis of the Allen County General Health District's (the District) financial performance provides an overall review of the financial activities for the year ended December 31, 2011 within the limits of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2011 are as follows:

- Total net assets increased by \$157,805 during 2011.
- Most of the District's revenue was associated with intergovernmental funding, from local, state and federal sources.
- District purchased the building housing its general and administrative offices, vital statistics and clinic.

Using the Basic Financial Statements

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

Report Components

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

Basis of Accounting

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

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

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2011 within the limits of cash basis accounting. The statement of net assets presents the cash balances of the District at year end. The statement of activities presents the revenue and disbursement activity during 2011.

Table 1 provides a summary of the District's net assets for 2011 compared to 2010.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

**TABLE 1
NET ASSETS
DECEMBER 31, 2011**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>634,488</u>	\$ <u>476,683</u>
Total Assets	\$ <u>634,488</u>	\$ <u>476,683</u>
Net Assets:		
Restricted for:		
Other Purposes	\$ 239,496	115,389
Unrestricted	<u>394,992</u>	<u>361,294</u>
Total Net Assets	<u>\$ 634,488</u>	<u>\$ 476,683</u>

As mentioned previously, net assets increased by \$157,805 during 2011. The increase was primarily associated with funds restricted for specific grants and programs.

FUND FINANCIAL STATEMENTS REPORTING MAJOR FUNDS

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

Table 2 reflects the changes in net assets during 2011.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Receipts:		
Program Receipts:		
Charges for Services	\$ 1,439,231	\$ 1,501,276
Operating Grants	1,703,671	1,917,555
General Receipts:		
Subdivision Fees	776,729	776,696
Proceeds from Loan	665,533	-0-
Miscellaneous	<u>24,388</u>	<u>10,857</u>
Total Receipts	<u>4,609,552</u>	<u>4,206,384</u>
Disbursements:		
Public Health Services	3,752,070	4,103,553
Capital Outlay	643,709	-0-
Debt Service:		
Principal	37,381	-0-
Interest	<u>18,587</u>	<u>-0-</u>
Total Disbursements	<u>4,451,747</u>	<u>4,103,553</u>
Net Change in Net Assets	157,805	102,831
Net Assets, Beginning of Year	<u>476,683</u>	<u>373,852</u>
Net Assets, End of Year	<u>\$ 634,488</u>	<u>\$ 476,683</u>

During 2011 the District's disbursements increased by 8.5 percent and revenues also increased by 9.6 percent.

The District relies on diverse revenue streams to provide services to County residents. The County apportions the excess of the District's appropriations over estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as subdivision revenue. The largest category of disbursements was Salaries and related benefits. The District employs approximately 63 full-time employees.

BUDGETARY HIGHLIGHTS

The District made slight revisions to the original appropriation approved by the Board and the Board's fiscal agent, the Allen County Budget Commission. During 2011, the District spent 94% of the amount appropriated in the General Fund. The District's 2011 financial statements include budgetary statements for the General Fund and the Women, Infants and Children (WIC) Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

Debt

At December 31, 2011, the District had \$628,152 in outstanding loans payable. The District paid \$37,381 in principal on loans outstanding during the fiscal year. Detailed information regarding long-term debt is included in the notes to the basic financial statements (Note 12).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

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

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2011

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 634,488
Total Net Assets	<u>634,488</u>
<u>Net Assets</u>	
Restricted For:	
Other Purposes	239,496
Unrestricted	394,992
Total Net Assets	<u>\$ 634,488</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2011

	<u>Program Cash Receipts</u>			<u>Net (Disbursements)</u>
	<u>Cash</u>	<u>Charges for</u>	<u>Operating</u>	<u>Receipts and</u>
	<u>Disbursements</u>	<u>Services</u>	<u>Grants and</u>	<u>Changes in Net Assets</u>
			<u>Contributions</u>	
Governmental Activities				
Public Health Services	\$ 3,752,070	\$ 1,439,231	\$ 1,703,671	\$ (609,168)
Capital Outlay	643,709	-	-	(643,709)
Debt Service:				
Principal	37,381	-	-	(37,381)
Interest	18,587	-	-	(18,587)
Total Governmental Activities	<u>\$ 4,451,747</u>	<u>\$ 1,439,231</u>	<u>\$ 1,703,671</u>	<u>(1,308,845)</u>
		<u>General Receipts:</u>		
				776,729
				665,533
				<u>24,388</u>
				1,466,650
				<u>1,466,650</u>
				157,805
				476,683
				<u>476,683</u>
				<u>\$ 634,488</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

COMBINED STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General</u>	<u>Women Infant & Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 440,592	\$ 13,520	\$ 180,376	\$ 634,488
Total Assets	<u>\$ 440,592</u>	<u>\$ 13,520</u>	<u>\$ 180,376</u>	<u>\$ 634,488</u>
 <u>Fund Balances</u>				
Restricted	\$ -	\$ 13,520	\$ 131,950	\$ 145,470
Committed	45,600	-	48,426	94,026
Unassigned	394,992	-	-	394,992
Total Fund Balances	<u>\$ 440,592</u>	<u>\$ 13,520</u>	<u>\$ 180,376</u>	<u>\$ 634,488</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	<u>Women Infant & Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS				
Subdivision fees	\$ 776,729	\$ -	\$ -	\$ 776,729
Fees, Licenses & Permits	709,570	-	518,577	1,228,147
Contractual Services	145,585	-	65,499	211,084
Federal Grants	650	686,415	696,889	1,383,954
State Grants	153,762	-	165,955	319,717
Miscellaneous	24,315	-	73	24,388
Total Receipts	<u>1,810,611</u>	<u>686,415</u>	<u>1,446,993</u>	<u>3,944,019</u>
DISBURSEMENTS				
Current:				
Public Health Services				
Salaries	858,638	456,883	778,456	2,093,977
Fringe Benefits	304,360	132,602	253,593	690,555
Materials & Supplies	103,540	93,278	51,014	247,832
Sundry	260,237	-	143,288	403,525
Services	105,246	-	210,935	316,181
Capital Outlay	617,135	-	26,574	643,709
Debt Service:				
Principal	37,381	-	-	37,381
Interest	18,587	-	-	18,587
Total Disbursements	<u>2,305,124</u>	<u>682,763</u>	<u>1,463,860</u>	<u>4,451,747</u>
Excess of Receipts Over (Under) Disbursements	(494,513)	3,652	(16,867)	(507,728)
Other Financing Sources (Uses)				
Proceeds of Loan	590,533	-	75,000	665,533
Advances In	-	-	16,722	16,722
Advances Out	(16,722)	-	-	(16,722)
Total Other Financing Sources (Uses)	<u>573,811</u>	<u>-</u>	<u>91,722</u>	<u>665,533</u>
Net Change in Fund Balances	79,298	3,652	74,855	157,805
Fund Balances Beginning of Year, Restated (Note 6)	<u>361,294</u>	<u>9,868</u>	<u>105,521</u>	<u>476,683</u>
Fund Balances End of Year	<u>\$ 440,592</u>	<u>\$ 13,520</u>	<u>\$ 180,376</u>	<u>\$ 634,488</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Subdivision fees	\$ 776,805	\$ 776,805	\$ 776,729	\$ (76)
Fees, Licenses & Permits	681,125	681,125	709,570	28,445
Contractual Services	120,794	120,794	145,585	24,791
Federal Grants	-	-	650	650
Reimbursements	2,113,565	2,113,565	-	(2,113,565)
State Grants	99,500	99,500	153,762	54,262
Miscellaneous	29,000	29,000	24,315	(4,685)
Total Receipts	<u>3,820,789</u>	<u>3,820,789</u>	<u>1,810,611</u>	<u>(2,010,178)</u>
DISBURSEMENTS				
Current:				
Public Health Services				
Personal Services	2,251,085	2,206,085	858,638	1,347,447
Fringe Benefits	815,980	765,980	304,360	461,620
Materials & Supplies	115,750	115,750	103,540	12,210
Sundry	231,680	266,680	260,237	6,443
Services	194,094	123,126	105,246	17,880
Capital Outlay	35,000	620,533	617,135	3,398
Debt Service:				
Principal	-	37,381	37,381	-
Interest	-	18,587	18,587	-
Total Disbursements	<u>3,643,589</u>	<u>4,154,122</u>	<u>2,305,124</u>	<u>1,848,998</u>
Excess of Receipts Over (Under) Disbursements	177,200	(333,333)	(494,513)	(161,180)
Other Financing Sources (Uses)				
Proceeds of Loan	-	590,533	590,533	-
Advances Out	-	(50,000)	(16,722)	33,278
Total Other Financing Sources (Uses)	<u>-</u>	<u>540,533</u>	<u>573,811</u>	<u>33,278</u>
Net Change in Fund Balances	177,200	207,200	79,298	(127,902)
Fund Balances Beginning of Year	<u>208,694</u>	<u>208,694</u>	<u>208,694</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 385,894</u>	<u>\$ 415,894</u>	<u>\$ 287,992</u>	<u>\$ (127,902)</u>

GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMEN, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Federal Grants	\$ 685,720	\$ 685,720	\$ 686,415	\$ 695
Total Receipts	<u>685,720</u>	<u>685,720</u>	<u>686,415</u>	<u>695</u>
DISBURSEMENTS				
Current:				
Public Health Services				
Salaries	504,516	465,008	456,883	8,125
Fringe Benefits	146,504	135,100	132,602	2,498
Materials & Supplies	<u>93,700</u>	<u>93,700</u>	<u>93,278</u>	<u>422</u>
Total Disbursements	<u>744,720</u>	<u>693,808</u>	<u>682,763</u>	<u>11,045</u>
Net Change in Fund Balances	(59,000)	(8,088)	3,652	11,740
Fund Balances Beginning of Year	<u>9,868</u>	<u>9,868</u>	<u>9,868</u>	<u>-</u>
Fund Balances End of Year	<u>\$ (49,132)</u>	<u>\$ 1,780</u>	<u>\$ 13,520</u>	<u>\$ 11,740</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

1. DESCRIPTION OF THE COMBINED HEALTH DISTRICT AND REPORTING ENTITY

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

Reporting Entity

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

2. Fund Financial Statements

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

3. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District utilizes the governmental category of funds.

Governmental Funds

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

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

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

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

4. Measurement Focus

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

5. Basis of Accounting

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

B. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

C. Capital Assets

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

D. Long-term Debt Obligations

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

E. Net Assets

These statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring disbursements for which it may use either restricted or unrestricted resources.

F. Budgetary Process

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

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

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

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

G. Accumulated Leave

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

H. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

I. Fund Balance

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed

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

Assigned

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Health, which includes giving the Director of Finance the authority to constrain monies for intended purposes.

Unassigned

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

3. CHANGE IN BASIS OF ACCOUNTING

Last year the District reported fund financial statements by fund type using the regulatory basis of accounting prescribed by State Auditor's Office. This year the District has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with the nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and the WIC Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). The District had no encumbrances at year-end.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund.

General Fund Cash Accounting Basis	\$440,592
Perspective Differences:	
Activity of Funds Reclassified	
For GASB Statement # 54	<u>(152,600)</u>
Budget Basis	<u>\$287,992</u>

5. INTERGOVERNMENTAL FUNDING

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

6. CHANGE IN ACCOUNTING PRINCIPLES, RESTATEMENT OF FUND BALANCE/NET ASSETS

A. Changes in Accounting Principles

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the District's financial statements.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

B. Restatement of Prior Year's Fund Balance/Net Assets

During fiscal year 2011, it was determined that the Sick and Vacation Leave Payoff and the Contingency Funds should be reported with the General Fund instead of as a Special Revenue Fund. The implementation of GASB Statement No. 54 and the reclassification of this fund had the following effect on fund balances of the major and non-major funds and net assets as they were previously reported:

	General Fund	Women Infant & Children Fund	Other Governmental Funds	Total
Fund Balance December 31, 2010	\$ 208,694	\$ 9,868	\$ 258,121	\$ 476,683
Fund Structure Change	<u>152,600</u>	<u>-0-</u>	<u>(152,600)</u>	<u>-0-</u>
Adjusted Fund Balance December 31, 2010	<u>\$ 361,294</u>	<u>\$ 9,868</u>	<u>\$ 105,521</u>	<u>\$ 476,683</u>

7. CASH AND CASH EQUIVALENTS

The Allen County Commissioners maintain a cash pool used by all of the County's funds, including those of the Combined Health District. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the District's deposits with the Allen County Commissioner was \$634,488. The Allen County Board of Commissioners, as the fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposits accounts.

8. INTERFUND BALANCES

Unpaid inter-fund cash advances at December 31, 2011 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$16,722	\$ -0-
Immunization Action Plan Fund	-0-	3,367
HIV/AIDS Fund	<u>-0-</u>	<u>13,355</u>
Total Interfund Receivables/Payables	<u>\$16,722</u>	<u>\$ 16,722</u>

Interfund balances at December 31, 2011, consisted of \$16,722 advanced from the General fund to other governmental funds to provide working capital for operations.

9. RISK MANAGEMENT

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

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

10. PENSION OBLIGATIONS

Ohio Public Employees Retirement System

Plan Description – The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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 Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 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 members in the State and local classifications. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local classifications may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

The Health District's 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined.

The Health District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$290,980, \$330,039, and \$310,560, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension 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 post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2011.

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 their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Health District’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$83,220, \$120,314, and \$129,504, respectively; 100 percent has been contributed for all years.

12. DEBT

Loan	Interest Rate	Balance January 1, 2011	Additions	Principal Paid	Balance December 31, 2011	Amount due In One Year
Building	4.67%	\$ -0-	\$590,533	\$(35,023)	\$555,510	\$36,023
Improvements	6.50%	<u>-0-</u>	<u>75,000</u>	<u>(2,358)</u>	<u>72,642</u>	<u>5,501</u>
Total		<u>\$ -0-</u>	<u>\$665,533</u>	<u>\$(37,381)</u>	<u>\$628,152</u>	<u>\$41,524</u>

The District secured a mortgage loan from the Union Bank Company in the amount of \$800,000, bearing interest at 4.67% to complete the purchase and renovation of its office building. The District had drawn down \$590,533 as of December 31, 2011. The District principal and interest payments are due monthly with final payment due February 18, 2031. The loan is collateralized by the property located at 219 E. Market Street, Lima, Ohio.

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Amortization Schedule

	Building	Improvement	
Year	Principal and Interest	Principal and Interest	Total
2012	\$ 61,966	\$ 10,223	\$ 72,189
2013	61,966	10,223	72,189
2014	61,966	10,223	72,189
2015	61,966	10,223	72,189
2016	61,966	10,223	72,189
2017-2021	313,114	46,856	359,970
2022-2026	329,530	-0-	329,530
2027-2031	274,608	-0-	274,608
Totals	<u>\$1,216,754</u>	<u>\$ 97,971</u>	<u>\$1,314,725</u>

13. FUND BALANCES

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

Fund Balances	General Fund	WIC Fund	Other Governmental Funds	Total
Restricted for:				
WIC	-	\$ 13,520	-	\$ 13,520
Food Service	-	-	6,324	6,324
Solid Waste	-	-	12,015	12,015
Trailer Parks	-	-	29,711	29,711
Water Fund	-	-	2,433	2,433
Creating Healthy Communities	-	-	3,799	3,799
Family Planning	-	-	15,554	15,554
Pools	-	-	1,500	1,500
Immunization	-	-	2,561	2,561
Women's Health	-	-	9,582	9,582
Public Health Infrastructure	-	-	20,298	20,298
Community Care Coordination	-	-	10,127	10,127
Construction and Demo Debris	-	-	6,304	6,304
Sewage	-	-	10,076	10,076
Ground Water	-	-	782	782
HIV/Aids Grant	-	-	884	884
Total Restricted	<u>-</u>	<u>13,520</u>	<u>131,950</u>	<u>145,470</u>
Committed for:				
Sick & Vacation Leave Payout	45,600	-	-	45,600
Building Improvements	<u>-</u>	<u>-</u>	<u>48,426</u>	<u>48,426</u>
Total Committed	<u>45,600</u>	<u>-</u>	<u>48,426</u>	<u>94,026</u>
Unassigned	<u>394,992</u>	<u>-</u>	<u>-</u>	<u>394,992</u>
Total Fund Balances	<u>\$ 440,592</u>	<u>\$ 13,520</u>	<u>\$ 180,376</u>	<u>\$ 634,488</u>

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

14. CONTINGENCIES

A. Litigation

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

B. Grants

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

15. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

During 2010, the District entered into an agreement for the rental of space for the WIC Division. The lease was effective October 1, 2010 and originally terminated September 30, 2011, was extended until September 30, 2012. The lease amount is now \$2,244 per month. Total payments required to fulfill this lease as of December 31, 2011 are \$20,196.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	WA-04-11 WA-05-12	10.557	\$ 544,234 138,529
Total U.S. Department of Agriculture			<u>682,763</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Health:			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	BC-04-11 BC-05-12	93.283	34,918 <u>43,667</u>
Total			78,585
Public Health Emergency Preparedness	PI-02-11 PI-03-12	93.069	85,857 30,367
Public Health Emergency Response - H1N1	PI-02-11 PI-02-12 PI-02-13	93.069	84,402 12,731 <u>1,544</u>
Total Public Health Emergency Preparedness			214,901
Preventive Health and Health Services Block Grant Cardiovascular Disease Grant	CH-01-10 CH-02-11	93.991	2,954 <u>89,201</u>
Total Preventive and Health Services			92,155
Maternal and Child Health Services Block Grant to States	MC - 04-11 MC - 05-12	93.994	63,323 <u>32,112</u>
Total Maternal and Child Health Services			95,435
Healthy Obesity Grant	DP-09-90101	93.522	650
Family Planning Services	FP-02-11 RH-01-12	93.217	67,585 <u>37,775</u>
Total Family Planning Services			105,360
Immunization Grant	IM-04-11	93.268	<u>49,268</u>
Total U.S. Department of Health and Human Services			<u>636,354</u>
Total Federal Financial Assistance			<u>\$ 1,319,117</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – COMMINGLING

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

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

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

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

To the Members of the Board:

We have audited the financial statements of the General Health District, Allen County (the District), as of and for the year ended December 31, 2011, and have issued our report thereon dated May 21, 2012, wherein we noted the District prepared its financial statements using the cash basis of accounting rather than accounting principles generally accepted in the United States of America. For the year ended December 31, 2011, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. As described in Note 6, the District adopted Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the District’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District’s internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District’s internal control over financial reporting.


A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, members of the Board, the audit committee, federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.



Charles E. Harris & Associates, Inc.

May 21, 2012

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Members of the Board:

Compliance

We have audited the compliance of the General Health District, Allen County (District), with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could directly and materially affect each of the General Health District's major federal program for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assurance whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, in order to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, members of the Board, the audit committee, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Charles Harris Associates

Charles E. Harris & Associates, Inc.

May 21, 2012

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY
December 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

GENERAL HEALTH DISTRICT
ALLEN COUNTY
December 31, 2011

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

DECEMBER 31, 2011

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2010-AGHD-001	Contrary to Ohio Rev. Code Section 3709.28, District did not properly adopt an itemized appropriation measure.	Yes	Finding no longer valid.
2010-AGHD-002	Contrary to 28 CFR Subpart C, Section 70.21(a)(2), District did not maintain separate grant funds for each federal grant.	Yes	Finding no longer valid.

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Dave Yost • Auditor of State

GENERAL HEALTH DISTRICT

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 09, 2012**