



Dave Yost • Auditor of State

**SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Summit County Combined General Health District
Summit County
1100 Graham Road Circle
Stow, Ohio 44224

To the Board of Health:

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 Summit County Combined General Health District, Summit County, Ohio (the Health District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Health 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 Health 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Combined General Health District, Summit County, Ohio, as of December 31, 2013, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Akron Contract Fund, Quality of Life Project Fund, Refugee Health Fund and the Adult Protective Services Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the Health District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Award Receipts and Expenditures (the Schedule) also 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2014 on our consideration of the Health 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 Health District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2014

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Summit County Combined General Health District

Management's Discussion and Analysis

For the Year Ended December 31, 2013

Unaudited

The discussion and analysis of the Summit County Combined General Health District's (the Health District's) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2013, within the limitations of the Health District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2013 are as follows:

- The assets of the Health District exceeded liabilities at the close of the year ended December 31, 2013 by \$11,138,927 (net position). Of this amount, \$4,359,728 may be used to meet the Health District's ongoing obligations to citizens and creditors.
- The Health District's total net position increased \$6,498,555. This increase is mainly attributable to the debt proceeds for construction and facility renovations..
- Program specific receipts in the form of charges for services and operating grants and contributions comprise 68 percent of the Health District's receipts. General receipts in the form of property taxes unrestricted grants and debt proceeds make up the other 32 percent.
- The Health District had \$20.7 million in expenses related to governmental activities in 2013; only \$18.4 million of these expenses were offset by program specific charges and operating grants and contributions. General Revenues (primarily taxes) of \$3.8 million together with assets on hand at the beginning of the year were adequate to provide for these programs.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$4.9 million or 88 percent of total General Fund expenditures.

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 Health District's modified cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Health District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a modified cash basis of accounting.

The Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis provide information about the activities of the whole Health District, presenting both an aggregate view of the Health District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

The notes to the financial statements are an integral part of the government-wide and fund 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. The Health District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Health District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

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, within the limitations of the modified cash basis of accounting. The Statement of Net Position – Modified Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Modified Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other nonfinancial factors as well, such as the Health District's property tax base, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

In the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, the Health District's major funds are reported. Charges for services and state and federal grants finance most of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

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

Reporting the Health District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Health District's major funds – not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Health District are governmental.

Governmental Funds - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund, the Akron Contract Fund the Quality of Life Project Fund, the Refugee Health Fund and the Adult Protective Services Fund.

The Health District as a Whole

Table 1 provides a summary of the Health District's net position for 2013 compared to 2012 on a modified cash basis:

Table 1: Net Position – Modified Cash Basis

	<u>Governmental Activities</u>	
	2013	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$6,146,243	\$4,640,372
Cash and Cash Equivalents with Fiscal Agent	5,000,000	0
<i>Total Assets</i>	<i>11,146,243</i>	<i>4,640,372</i>
Liabilities		
Fiscal Agent Payable	7,316	0
Net Position		
Restricted for Principal Retirement	5,000,000	0
Restricted for Other Purposes	1,779,199	281,496
Unrestricted	4,359,728	4,358,876
<i>Total Net Position</i>	<i>11,138,927</i>	<i>4,640,372</i>
Total Net Position & Liabilities	\$11,146,243	\$4,640,372

As mentioned previously, net position increased \$6,498,555. The increase is due to the consolidation with the Akron and Barberton Health Departments and efficiencies realized through this process. The other factor contributing to the increase is the debt proceeds associated with the Health District's new facility.

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

Table 2, on the following page, reflects the changes in net position in 2013.

Table 2: Changes in Net Positions

	Governmental Activities	
	2013	2012
Receipts		
Program Cash Receipts		
Charges for Services	\$ 5,494,086	\$ 5,063,978
Operating Grants and Contributions	12,876,429	11,688,790
Total Program Cash Receipts	18,370,515	16,752,768
General Receipts		
Property Taxes	3,230,675	3,230,675
State Subsidy	101,445	101,556
Debt Proceeds	5,000,000	0
Miscellaneous	451,031	84,550
Total General Receipts	8,783,151	3,416,781
Total Receipts	27,153,666	20,169,549
Disbursements		
Public Health Services	20,582,649	20,943,644
Debt Service	72,462	0
Total Disbursements	20,655,111	20,943,644
Increase / (Decrease) in Net Position	6,498,555	(774,095)
Net Position January 1	4,640,372	5,414,467
Net Position December 31	\$ 11,138,927	\$ 4,640,372

In 2013, 32 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes and debt proceeds. Program receipts accounted for 68 percent of the Health District's total receipts in year 2013. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, water system permits, clinic fees and state and federal operating grants and donations.

Governmental Activities

If you look at the Statement of Activities – Modified Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented on the next page, in Table 3.

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

Table 3: Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013
Public Health Services	\$ 20,655,111	2,284,596

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only sixteen percent of health costs are supported through property taxes, unrestricted grants and other general receipts.

The Health District's Funds

The sum of governmental funds had total receipts of \$22,153,666 and total disbursements of \$20,655,111. These governmental funds increased cash balances by \$6,498,555 in 2013.

The fund balance of the General Fund increased \$5,642,450 to \$10,001,326 at year-end. This increase is due primarily to the increase in Advances returned from grant funds compared to the prior year and from debt proceeds for the renovation of a new facility.

The Akron Contract Fund balance increased \$85,762. This increase is attributable to an overestimate in anticipated costs for the fund, which ideally would end the fiscal year at a zero balance.

The Quality of Life Project Fund balance decreased by \$29,390. This decrease is attributable to the timing of expenditures and reimbursements for this multi-year grant.

The Refugee Health Fund balance decreased by \$44,675, and is attributable to the reduction in funding for 2013 grant year.

The Adult Protective Services Fund balance increased by \$416,259 and is attributable to the timing of expenditures and reimbursements. The Grant operates in a fiscal year other than January through December 2013.

General Fund Budgeting Highlights

The Health District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2013, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The overall increase between the original budgeted and the actual receipts is due to additional local grants and debt proceeds obtained during the year.

The favorable variance seen between the original budgeted disbursements and actual disbursements is the result of efficiencies through workforce consolidation.

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

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Eric Seachrist, Fiscal Officer, Summit County Combined General Health District, 1100 Graham Road Circle, Stow, Ohio 44224.

Summit County Combined General Health District
Statement of Net Position - Modified Cash Basis
 December 31, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,146,243
Cash and Cash Equivalents with Fiscal Agents	5,000,000
<i>Total Assets</i>	11,146,243
Liabilities	
Fiscal Agent Payable	7,316
<i>Total Liabilities</i>	7,316
Net Position	
Restricted for:	
Principal Retirement	5,000,000
Other Purposes	1,779,199
Unrestricted	4,359,728
Total Net Position	\$ 11,138,927

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Activities - Modified Cash Basis
December 31, 2013

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Current:				
Health:				
Public Health Services	\$ 20,582,649	\$ 5,494,086	\$ 12,876,429	\$ (2,212,134)
Debt Service:				
Interest and Fiscal Charges	72,462	-	-	(72,462)
Total Governmental Activities	<u>\$ 20,655,111</u>	<u>\$ 5,494,086</u>	<u>\$ 12,876,429</u>	<u>\$ (2,284,596)</u>
General Receipts				
Property Taxes				3,230,675
State Subsidy				101,445
Debt Proceeds				5,000,000
Miscellaneous				<u>451,031</u>
Total General Receipts				<u>8,783,151</u>
Change in Net Position				6,498,555
<i>Net Position Beginning of Year</i>				<u>4,640,372</u>
<i>Net Position End of Year</i>				<u>\$ 11,138,927</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Modified Cash Basis Assets and Fund Balances
December 31, 2013

	General	Akron Contract Fund	Quality of Life Project	Refugee Health	Adult Protective Services	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 3,201,328	\$ 425,838	\$ 117,208	\$ 125,425	\$ 160,698	\$ 2,115,746	\$ 6,146,243
Cash and Cash Equivalents with Fiscal Agents	5,000,000	-	-	-	-	-	5,000,000
Interfund Receivable	1,800,000	-	-	-	-	-	1,800,000
<i>Total Assets</i>	<u>\$ 10,001,328</u>	<u>\$ 425,838</u>	<u>\$ 117,208</u>	<u>\$ 125,425</u>	<u>\$ 160,698</u>	<u>\$ 2,115,746</u>	<u>\$ 12,946,243</u>
Liabilities							
Fiscal Agent Payable	-	-	-	-	-	7,316	7,316
Interfund Payable	-	557,690	197,500	211,000	225,500	608,310	1,800,000
	<u>\$ -</u>	<u>\$ 557,690</u>	<u>\$ 197,500</u>	<u>\$ 211,000</u>	<u>\$ 225,500</u>	<u>\$ 615,626</u>	<u>\$ 1,807,316</u>
Fund Balances							
Restricted	5,000,000	-	-	-	-	1,717,004	6,717,004
Assigned	62,195	-	-	-	-	-	62,195
Unassigned	4,939,133	(131,852)	(80,292)	(85,575)	(64,802)	(216,884)	4,359,728
<i>Total Fund Balances</i>	<u>10,001,328</u>	<u>(131,852)</u>	<u>(80,292)</u>	<u>(85,575)</u>	<u>(64,802)</u>	<u>1,500,120</u>	<u>11,138,927</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 10,001,328</u>	<u>\$ 425,838</u>	<u>\$ 117,208</u>	<u>\$ 125,425</u>	<u>\$ 160,698</u>	<u>\$ 2,115,746</u>	<u>\$ 12,946,243</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
For the Year Ended December 31, 2013

	General	Akron Contract Fund	Quality of Life Project	Refugee Health	Adult Protective Services	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 3,230,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,230,675
Charges for Services	1,133,463	1,966,739	-	-	-	178,130	3,278,332
Licenses, Permits and Fees	1,412,423	510,775	-	-	-	292,555	2,215,753
Intergovernmental	273,704	3,878,217	114,642	365,500	1,152,664	7,193,148	12,977,875
Other	325,290	125,020	-	-	-	721	451,031
<i>Total Receipts</i>	<u>6,375,555</u>	<u>6,480,751</u>	<u>114,642</u>	<u>365,500</u>	<u>1,152,664</u>	<u>7,664,554</u>	<u>22,153,666</u>
Disbursements							
Current:							
Public Health Services	5,561,476	6,358,758	144,032	410,175	736,405	7,371,803	20,582,649
Debt Service							
Interest and Fiscal Charges	36,231	36,231	-	-	-	-	72,462
<i>Total Disbursements</i>	<u>5,597,707</u>	<u>6,394,989</u>	<u>144,032</u>	<u>410,175</u>	<u>736,405</u>	<u>7,371,803</u>	<u>20,655,111</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>777,848</u>	<u>85,762</u>	<u>(29,390)</u>	<u>(44,675)</u>	<u>416,259</u>	<u>292,751</u>	<u>1,498,555</u>
Other Financing Sources (Uses)							
Debt Proceeds	5,000,000	-	-	-	-	-	5,000,000
Transfers In	-	-	-	-	-	392,294	392,294
Transfers Out	(135,398)	-	-	-	-	(256,896)	(392,294)
<i>Total Other Financing Sources (Uses)</i>	<u>4,864,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,398</u>	<u>5,000,000</u>
<i>Net Change in Fund Balances</i>	5,642,450	85,762	(29,390)	(44,675)	416,259	428,149	6,498,555
<i>Fund Balances Beginning of Year</i>	<u>4,358,876</u>	<u>(217,614)</u>	<u>(50,902)</u>	<u>(40,901)</u>	<u>(481,060)</u>	<u>1,071,973</u>	<u>4,640,372</u>
<i>Fund Balances End of Year</i>	<u>\$ 10,001,326</u>	<u>\$ (131,852)</u>	<u>\$ (80,292)</u>	<u>\$ (85,576)</u>	<u>\$ (64,801)</u>	<u>\$ 1,500,122</u>	<u>\$ 11,138,927</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 3,230,675	\$ 3,230,675	\$ 3,230,675	\$ -
Charges for Services	822,988	822,988	1,133,463	310,475
Licenses, Permits and Fees	1,764,671	1,764,671	1,412,423	(352,248)
Intergovernmental	100,000	100,000	273,704	173,704
Other	299,511	354,511	325,290	(29,221)
<i>Total receipts</i>	<u>6,217,845</u>	<u>6,272,845</u>	<u>6,375,555</u>	<u>102,710</u>
Disbursements				
Current:				
Public Health Services	6,151,425	6,109,062	5,623,671	485,391
Debt Service:				
Interest and Fiscal Charges	90,000	40,000	36,231	3,769
<i>Total Disbursements</i>	<u>6,241,425</u>	<u>6,149,062</u>	<u>5,659,902</u>	<u>489,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,580)</u>	<u>123,783</u>	<u>715,653</u>	<u>591,870</u>
Other Financing Sources (Uses)				
Proceeds of Debt	-	-	5,000,000	5,000,000
Transfers Out	-	(135,398)	(135,398)	-
Advances In	-	1,811,615	1,811,615	-
Advances Out	-	(1,800,000)	(1,800,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(123,783)</u>	<u>4,876,217</u>	<u>5,000,000</u>
<i>Net Change in Fund Balance</i>	<u>(23,580)</u>	<u>-</u>	<u>5,591,870</u>	<u>5,591,870</u>
<i>Fund Balance Beginning of Year</i>	2,523,680	2,523,680	2,523,680	-
Prior Year Encumbrances Appropriated	<u>23,580</u>	<u>23,580</u>	<u>23,580</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,523,680</u>	<u>\$ 2,547,260</u>	<u>\$ 8,139,130</u>	<u>\$ 5,591,870</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Akron Contract Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$ 1,797,500	\$ 1,942,900	\$ 1,966,739	\$ 23,839
Licenses, Permits and Fees	605,150	605,150	510,775	(94,375)
Intergovernmental	4,820,536	4,502,546	3,878,217	(624,329)
Other	2,277	2,277	125,020	122,743
<i>Total receipts</i>	<u>7,225,463</u>	<u>7,052,873</u>	<u>6,480,751</u>	<u>(572,122)</u>
Disbursements				
Current:				
Public Health Services	7,045,463	7,020,563	6,358,758	661,805
Debt Service:				
Interest and Fiscal Charges	180,000	40,000	36,231	3,769
<i>Total Disbursements</i>	<u>7,225,463</u>	<u>7,060,563</u>	<u>6,394,989</u>	<u>665,574</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>(7,690)</u>	<u>85,762</u>	<u>93,452</u>
Other Financing Sources (Uses)				
Advances In		557,690	557,690	-
Advances Out	-	(550,000)	(550,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>7,690</u>	<u>7,690</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>-</u>	<u>-</u>	<u>93,452</u>	<u>93,452</u>
<i>Fund Balance Beginning of Year</i>	<u>310,301</u>	<u>310,301</u>	<u>310,301</u>	<u>-</u>
Prior Year Encumbrances Appropriated	22,085	22,085	22,085	-
<i>Fund Balance End of Year</i>	<u>\$ 332,386</u>	<u>\$ 332,386</u>	<u>\$ 425,838</u>	<u>\$ 93,452</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Quality of Life Project Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 380,922	\$ 447,098	\$ 114,642	\$ (332,456)
<i>Total receipts</i>	<u>380,922</u>	<u>447,098</u>	<u>114,642</u>	<u>(332,456)</u>
Disbursements				
Current:				
Public Health Services	380,922	396,098	144,032	252,066
<i>Total Disbursements</i>	<u>380,922</u>	<u>396,098</u>	<u>144,032</u>	<u>252,066</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>51,000</u>	<u>(29,390)</u>	<u>(80,390)</u>
Other Financing Sources (Uses)				
Advances In	-	-	197,500	197,500
Advances Out	<u>-</u>	<u>(51,000)</u>	<u>(51,000)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(51,000)</u>	<u>146,500</u>	<u>197,500</u>
<i>Net Change in Fund Balance</i>	<u>-</u>	<u>-</u>	<u>117,110</u>	<u>117,110</u>
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>98</u>	<u>98</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ 117,208</u>	<u>\$ 117,110</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Refugee Health Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 377,200	\$ 812,410	\$ 365,500	\$ (446,910)
<i>Total receipts</i>	<u>377,200</u>	<u>812,410</u>	<u>365,500</u>	<u>(446,910)</u>
Disbursements				
Current:				
Public Health Services	336,300	771,510	410,175	361,335
<i>Total Disbursements</i>	<u>336,300</u>	<u>771,510</u>	<u>410,175</u>	<u>361,335</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>40,900</u>	<u>40,900</u>	<u>(44,675)</u>	<u>(85,575)</u>
Other Financing Sources (Uses)				
Advances In	-	-	211,000	211,000
Advances Out	(125,000)	(125,000)	(125,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(125,000)</u>	<u>(125,000)</u>	<u>86,000</u>	<u>211,000</u>
<i>Net Change in Fund Balance</i>	(84,100)	(84,100)	41,325	125,425
<i>Fund Balance Beginning of Year</i>	84,100	84,100	84,100	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,425</u>	<u>\$ 125,425</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Adult Protective Services Fund
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 1,141,554	\$ 1,991,554	\$ 1,152,664	\$ (838,890)
<i>Total receipts</i>	1,141,554	1,991,554	1,152,664	(838,890)
Disbursements				
Current:				
Public Health Services	800,494	1,650,494	736,405	914,089
<i>Total Disbursements</i>	800,494	1,650,494	736,405	914,089
<i>Excess of Receipts Over (Under) Disbursements</i>	341,060	341,060	416,259	75,199
Other Financing Sources (Uses)				
Advances In			225,500	225,500
Advances Out	(341,554)	(341,554)	(481,554)	(140,000)
<i>Total Other Financing Sources (Uses)</i>	(341,554)	(341,554)	(256,054)	85,500
<i>Net Change in Fund Balance</i>	(494)	(494)	160,205	160,699
<i>Fund Balance Beginning of Year</i>	494	494	494	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 160,699	\$ 160,699

See accompanying notes to the basic financial statements

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Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 1 – Reporting Entity

The Summit County Combined General Health District (the Health District) serves as a policy-making body with authority to adopt rules and regulations. The Health District is directed by an appointed eighteen-member board and a Health Commissioner.

The Health District (1) adopts regulations as necessary for the prevention of disease and the promotion of public health, (2) holds hearings on public health matters, (3) cooperates with other health agencies and citizens groups to promote community health programs and, (4) informs and educates the community on public health matters.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Health District's accounting policies.

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. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible.

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.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the general receipts 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. Non-major 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. Funds are used to segregate resources that are restricted as to use. The Health District uses the following fund types:

Governmental Funds

Governmental funds are those through which most governmental functions of the Health District are financed. The following are the Health District's major governmental fund types:

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

Special Revenue Funds - These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Health District has the following major Special Revenue Funds:

Akron Contract Fund – This fund receives proceeds from the City of Akron for the provision of public health services within the City limits.

Quality of Life Project Fund – This fund receives a grant through Summit County Council to address health and social disparities and improve the quality of life for county residents based on data obtained through the Summit 2020 initiative.

Refugee Health Fund – This fund receives federal grant money for the purpose of providing health screenings. The primary purpose is to identify communicable diseases that may threaten public health.

Adult Protective Services Fund – This fund receives grant money for the purpose of providing care coordination services for seniors.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Health District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Health District are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. 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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenues with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The county Fiscal Officer cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure. The appropriation measure, and an itemized estimate of revenues to be collected during the next fiscal year, is certified by the county budget commission. Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications are certified by approval of the county budget commission.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

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

E. Cash and Investments

The Summit County Fiscal Officer is the custodian for the Health District's cash and investments. The Health District began utilizes a financial institution to service bonded debt as principal and interest payments come due. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Fiscal Officer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by contacting Dennis Menendez, Deputy Fiscal Officer of Finance, County of Summit, 175 South Main Street, 44308-1306, (330) 643-2872.

F. Restricted Assets

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

G. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Health District's modified cash basis of accounting.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Health District's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of loans are reported as cash when received and principal and interest are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

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 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. Enabling legislation authorizes the Health District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Health District can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Health Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 2 - Summary of Significant Accounting Policies (continued)

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 Health 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 Health Board or a Health District official delegated that authority by ordinance or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Health 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.

N. Net Position

Net Position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for federal, state and local grants.

The Health District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. 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 a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a restricted, committed, or assigned fund balance (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis).

**Net Change in Fund Balance
General and Major Special Revenue Funds**

	General Fund	Akron Contract Fund	Quality of Life	Refugee Health	Adult Protective Services
GAAP Basis	\$ 5,642,450	\$ 85,762	\$ (29,390)	\$ (44,675)	\$ 416,259
Net Adjustment Revenue Accruals	(1,800,000)	(550,000)	(51,000)	(125,000)	(481,554)
Net Adjustment Expenditure Accruals	1,811,615	557,690	197,500	211,000	225,500
Net Adjustment for Encumbrances	(62,195)	-	-	-	-
Budgetary Basis	<u>\$ 5,591,870</u>	<u>\$ 93,452</u>	<u>\$ 117,110</u>	<u>\$ 41,325</u>	<u>\$ 160,205</u>

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 4 – Accountability

Deficit Fund Balances

Fund Balances at December 31, 2013 included the following individual fund deficits:

<u>Fund</u>	<u>Deficit</u>
Major Governmental Funds:	
Akron Contract	\$ (131,852)
Quality of Life	(80,292)
Refugee Health	(85,575)
Adult Protective Services	<u>(64,802)</u>
Other Governmental Funds:	
Help Me Grow, Part C	(76,833)
HIV Prevention	(77,316)
PREP	(9,289)
CTG	(7,331)
HUD Lead	(8,667)
Healthy Homes	(705)
Counseling	(12,875)
EMA/MRC	(8,503)
Citizens Corps	(1,310)
MMRS	<u>(14,055)</u>
Total	<u>\$ 579,405</u>

The fund deficits in the above funds resulted from interfund liabilities due to timing issues with the reimbursement of disbursements for various grant programs. The general fund is liable for the deficits in these funds and will provide operating advances when cash is required, not when the liability occurs.

Note 5 – Interfund Transfers

During 2013 the following transfers were made:

<u>Transfers To</u>	<u>Transfer From General Fund</u>	<u>Transfer From Other Governmental Funds</u>
Other Governmental Funds		
Counseling Local Program	\$ -	\$ 7,249
Help Me Grow GRF Subsidy	-	5,006
Contingency	<u>135,398</u>	<u>-</u>
Total Other Governmental Funds	<u>\$ 135,398</u>	<u>\$ 12,255</u>

Transfers from the General Fund to Other Governmental funds represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from ADM Counseling to the Counseling Local Fund represent the allocation of receipts for the payment of grant shortfalls.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 5 – Interfund Transfers (continued)

Transfers from the Help Me Grow Carryover fund to the Help Me Grow GRF Subsidy fund represent the allocation of receipts for the payment of grant shortfalls.

Note 6 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Health District. Real property tax receipts 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 personal property tax received in 2013 represent the collection of 2012 taxes. Public utility tangible personal property taxes received in 2013 became a lien on December 31, 2011, were levied after October 1, 2012, and are collected in 2013 with real property taxes. Public utility tangible personal property is currently assessed at varying percentages of true value.

The County Fiscal Officer collects property taxes on behalf of all taxing districts within the County. The County Fiscal Officer periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all Health District operations for the year ended December 31, 2013, was \$0.369715 per \$1,000 of assessed value. The total assessed value upon which 2013 property tax receipts were based was \$8,738,283,170.

Note 7 - Interfund Receivables/Payables

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

Due to General Fund from:	
Akron Contract Fund	\$ 557,690
Quality of Life Fund	197,500
Refugee Health Fund	211,000
Adult Protective Services Fund	225,500
Other Governmental Funds	<u>608,310</u>
Total General Fund	\$ <u>1,800,000</u>

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 8 – Risk Management

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

The Health 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. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Assets	\$34,411,883	\$34,389,569
Liabilities	<u>(12,760,194)</u>	<u>(14,208,353)</u>
Net Position	<u>\$21,651,689</u>	<u>\$20,181,216</u>

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$11.6 million and \$13.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$12.6 million of unpaid claims to be billed to approximately 475 and 466 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Health District's share of these unpaid claims collectible in future years is approximately \$48,007.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 8 – Risk Management (continued)

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2012</u>
\$68,582	\$58,897

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained 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.

For the year ended December 31, 2013, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salary to fund pension obligations. The Health District’s contribution rate for pension benefits for 2013 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District’s required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011, were \$1,244,014, \$1,059,389, and \$1,047,472, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Pension or Combined Plans. Health care coverage for disability recipients and qualified survivor recipients is available. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pension". A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care based on authority granted by State statute. The 2013 employer contribution rate was 14.0 percent of covered payroll. The portion of employer contributions allocated to health care was 1.0 percent in the same period.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Service Code 401(h).

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September, 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2012. These rate increases allowed additional funds to be allocated to the health care plan.

Note 11 – Loans Payable

In 2013, a "Conduit Bank-Qualified Tax Exempt Bond" was issued by Summit County's Development Finance Authority (DFA) for which the Health District was the borrower. A local bank is providing the loan to the DFA.

The interest on the debt was paid out of the General fund. No draws were made against the loan itself, as construction would not begin until 2014. The principal remained in a local bank account with the understanding that as requests for disbursements to contractors were authorized collectively by the Health District, the DFA and the bank, the bank would then disburse funds directly to the vendor in question. Therefore, the loan proceeds have not been receipted into the Health District's traditional bank account, nor does the Health District issue checks for payment.

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

	Interest Rate	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<u>Governmental Activities</u>						
Loans Payable						
2013 Issue (Facility Renovation) (Original Amount \$5,000,000)	3.41%	\$ 0	\$ 5,000,000	\$ 0	\$ 5,000,000	\$ 0
Total Governmental Activities		\$ 0	\$ 5,000,000	\$ 0	\$ 5,000,000	\$ 0

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 11 – Loans Payable (continued)

The following is a summary of the Health District’s future annual debt service requirements for governmental activities:

Year	Loans	
	Principal	Interest
2014	\$ -	\$ 172,868
2015	225,230	169,939
2016	270,276	161,241
2017	270,276	151,448
2018	270,276	142,104
2019-2023	3,963,942	539,856
	\$ 5,000,000	\$ 1,337,456

Note 12 – Leases

The Health District entered into a lease for copier equipment for a grant project in December 2009 under a five year capital lease. Monthly payments of \$131 began, December, 2009 and will continue through November, 2014. The Health District disbursed a total of \$1,572 for this lease for the year ended December 31, 2013. Future payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$1,572

The Health District also entered into a lease for copier equipment for its Akron site in November 2011 under a five year capital lease. Payments began in December, 2011 and will continue through November, 2016. The Health District disbursed a total of \$3,821 for this lease for the year ended December 31, 2013. Future payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$3,821
2015	3,821
2016	2,866

Additionally, the Health District leases various clinic facilities under operating leases for up to two years in length. Total rent expenses for these leases in 2013 were \$331,338.

Note 13 – Contingent Liabilities

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

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 14 – Fund Balances

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 the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Akron Contract Fund</u>	<u>Quality of Life Project</u>	<u>Refugee Health</u>	<u>Adult Protective Services</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Restricted:</u>							
Public Health Services	\$0	\$0	\$0	\$0	\$0	\$1,717,004	\$1,717,004
Principal Retirements	<u>5,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000,000</u>
<i>Total Restricted</i>	<u>5,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,717,004</u>	<u>6,717,004</u>
<u>Assigned:</u>							
Encumbrances	<u>62,195</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,195</u>
<i>Total Assigned</i>	<u>62,195</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,195</u>
Unassigned	<u>4,939,133</u>	<u>(131,852)</u>	<u>(80,292)</u>	<u>(85,575)</u>	<u>(64,802)</u>	<u>(216,884)</u>	<u>4,359,728</u>
 Total Fund Balances	 <u><u>\$10,001,328</u></u>	 <u><u>(\$131,852)</u></u>	 <u><u>(\$80,292)</u></u>	 <u><u>(\$85,575)</u></u>	 <u><u>(\$64,802)</u></u>	 <u><u>\$1,500,120</u></u>	 <u><u>\$11,138,927</u></u>

**SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
DECEMBER 31, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants and Children	07710011WA0313	10.557	\$ 1,473,370	\$ 1,364,249
Special Supplemental Nutrition Program for Women, Infants and Children	07710011WA0414		456,891	355,272
Total Special Supplemental Nutrition Program for Women, Infants and Children			1,930,261	1,719,521
Total U.S. Department of Agriculture			1,930,261	1,719,521
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through Ohio Emergency Management Agency</i>				
Homeland Security Grant-Citizens Corp	FY12 96082	97.067	2,440	1,822
Homeland Security Grant-Citizens Corp	FY13 96083		-	1,310
<i>Passed through Summit County Emergency Management Agency</i>				
Homeland Security Grant-Medical Reserve Corp	FY12 96042	97.067	35,335	1,670
Homeland Security Grant-Medical Reserve Corp	FY13 96043		25,740	34,243
Homeland Security Grant-Metropolitan Medical Response System	FY12 96092		53,057	3,029
Homeland Security Grant-Metropolitan Medical Response System	FY13 96093		42,160	56,215
Total Homeland Security Grant			158,732	98,289
Total U.S. Department of Homeland Security			158,732	98,289
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through Ohio Department of Health</i>				
Public Health Emergency Preparedness	07710012PH0312	93.069	-	367
Public Health Emergency Preparedness	07710012PH0413		147,798	210,218
Public Health Emergency Preparedness	07710012PH0514		133,333	103,556
Public Health Emergency Preparedness (Regional Grant)	07710012PH0312		-	242
Public Health Emergency Preparedness (Regional Grant)	07710012PH0413		39,975	53,552
Public Health Emergency Preparedness (Regional Grant)	07710012PH0514		35,444	27,380
Total Emergency Preparedness			356,550	395,315
<i>Passed through Ohio Department of Health</i>				
Affordable Care Act-Personal Responsibility Education Program	07710011PR0213	93.092	117,173	110,680
Affordable Care Act-Personal Responsibility Education Program	07710011PR0314		39,821	49,110
Total PREP			156,994	159,790
<i>Passed through Ohio Department of Health</i>				
Immunization Action Plan	07710012IM0512	93.268	9,463	9,657
Immunization Action Plan	07710012IM0613		149,945	142,878
Total Immunization Action Plan Grants Cluster			159,408	152,535
<i>Passed through Ohio Department of Health</i>				
Breast and Cervical Cancer	07710014BC0613	93.283	93,755	105,911
Breast and Cervical Cancer	07710014BC0714		53,573	46,833
Total Bureau of Prevention			147,328	152,744

**SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
DECEMBER 31, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Expenditures
<i>Passed through Ohio Department of Health</i>				
Ohio Maternal Infant and Early Childhood Home Visiting	07710011MH0113	93.505	50,208	50,208
Ohio Maternal Infant and Early Childhood Home Visiting	07710011MH0214		31,992	28,185
Total			82,200	78,393
<i>Passed through Austin BioInnovations Institute</i>				
Community Transformation Grant	FY12 94062	93.531	40,186	-
Community Transformation Grant	FY13 94063		173,798	147,562
Community Transformation Grant	FY14 94064		-	7,331
Total			213,984	154,893
<i>Passed through Summit County Department of Jobs and Family Services</i>				
Adult Protective Services	FY12 96022	93.667	341,554	-
Adult Protective Services	FY13 96023		789,466	649,959
Adult Protective Services	FY14 96024		21,644	86,446
Total			1,152,664	736,405
<i>Passed through Ohio Department of Jobs and Family Services</i>				
Refugee and Entrant Assistance	FY12 96122	93.566	45,700	50,939
Refugee and Entrant Assistance	FY13 96123		254,600	208,640
Refugee and Entrant Assistance	FY14 96124		65,200	150,775
Total Refugee and Entrants Assistance			365,500	410,354
<i>Passed through Summit County Alcohol, Drug and Mental Health Board</i>				
Medical Assistance Program-Counseling	FY13 95953	93.778	123,403	125,948
Total Medical Assistance Program-Counseling			123,403	125,948
<i>Passed through Ohio Department of Health</i>				
HIV Prevention	07710012HP0212	93.940	23,508	27,412
HIV Prevention	07710012HP0313		163,500	219,311
Total HIV Prevention			187,008	246,723
<i>Passed through Ohio Department of Health</i>				
Health Promotion Block Grant-Sexually Transmitted Diseases Control Grants	07710012ST0112	93.977	6,441	3,163
Health Promotion Block Grant-Sexually Transmitted Diseases Control Grants	07710012ST0213		103,511	101,425
Health Promotion Block Grant -Creating Healthy Communities	07710014CC0312	93.991	9,297	6,055
Health Promotion Block Grant -Creating Healthy Communities	07710014CC0413		60,180	57,805
Total Health Promotion Block Grant			179,429	168,448
<i>Passed through Ohio Department of Health</i>				
Grants to States to Support Oral Health Workforce Activities	07710011DS0512	93.236	3,131	4,722
Grants to States to Support Oral Health Workforce Activities	07710011DS0613		22,949	22,176
Total			26,080	26,898
<i>Passed through Ohio Department of Health</i>				
Maternal and Child Health Services Block Grant	07710011MC0613	93.994	164,950	206,794
Maternal and Child Health Services Block Grant	07710011MC0714		111,289	93,885
Maternal and Child Health Services Block Grant-Dental Sealant	07710011DS0512		13,349	20,131
Maternal and Child Health Services Block Grant-Dental Sealant	07710011DS0613		44,551	43,051
Total Child and Family Health Services Block Grant			334,139	363,861
Total U.S. Department of Health and Human Services			3,484,687	3,172,307

**SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
DECEMBER 31, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Expenditures
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Passed through the Ohio Environmental Protection Agency</i>				
Air Pollution Control Program-Air Quality EPA	FY13 93793	66.001	212,503	299,421
Air Pollution Control Program-Air Quality PM 2.5	FY13 93803		-	25,717
Air Pollution Control Program-Air Quality PM 2.5	FY14 93804		97,364	64,760
Total Air Pollution Control Program			<u>309,867</u>	<u>389,898</u>
Total U.S. Environmental Protection Agency			309,867	389,898
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed through Ohio Department of Health</i>				
Special Education Grant for Infants and Families -Help Me Grow Part C	07710011HG0413	84.181	399,644	334,895
Special Education Grant for Infants and Families -Help Me Grow Part C	07710011HG0514		104,413	181,246
Total Special Education Grant for Infants and Families			<u>504,057</u>	<u>516,141</u>
Total U.S. Department of Education			504,057	516,141
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Direct</i>				
Lead-Based Paint Hazard Control	FY11 95931	14.900	24,657	-
Lead-Based Paint Hazard Control	FY13 95933		25,843	34,509
Healthy Homes	FY12 93942	14.913	40,372	42,033
Healthy Homes	FY13 93943		-	705
Total U.S. Department of Housing and Urban Development			<u>90,872</u>	<u>77,247</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 6,478,476</u>	<u>\$ 5,973,403</u>

The note to the Schedule of Federal Awards Receipts and Expenditures is an integral part of this Schedule

**SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Summit County Combined General Health District's (the Health District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The Health District passes certain federal awards received from the Ohio Department of Health, U. S. Department of Health and Human Services, the U.S. Department of Education, and the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the Health District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Health District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE C - FEDERAL GRANTS COMMINGLED WITH STATE GRANTS

The Health District commingles cash receipts from the U.S. Department of Health and Human Services with similar State grants. When reporting expenditures on this Schedule, the Health District assumes it expends federal monies first.



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*

Summit County Combined General Health District
Summit County
1100 Graham Road Circle
Stow, Ohio 44224

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Combined General Health District, Summit County, (the Health District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated September 8, 2014, wherein we noted the Health District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2014



Dave Yost • Auditor of State

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

Summit County Combined General Health District
Summit County
1100 Graham Road Circle
Stow, Ohio 44224

To the Board of Health:

Report on Compliance for the Major Federal Program

We have audited the Summit County Combined General Health District's (the Health 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 Summit County Combined General Health 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 Health District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Health District's compliance for the Health 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 Health 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 Health District's major program. However, our audit does not provide a legal determination of the Health District's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The Health 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 Health 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 Health 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 8, 2014

**SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
December 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None