



Dave Yost • Auditor of State

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Champaign Health District
Champaign County
1512 S. US Highway 68
Suite Q100
Urbana, Ohio 43078

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 Champaign Health District, Champaign County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Champaign Health District, Champaign County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General and WIC Grant Funds thereof for the years 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2013, the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis for 2014 or 2013 as listed in the table of contents. Accordingly, we express no opinion or any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 10, 2015

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2014
UNAUDITED**

This discussion and analysis of the Champaign Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2014, within the limitations of the Health District's 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 enhance their understanding of the Health District's financial performance.

Highlights

Key highlights for 2014 are as follows:

- Net position from all governmental activities increased by \$105,180, a change predominantly due to decrease in expenditures from temporary changes in job responsibilities.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up over 55 percent of all the dollars coming into the District. General receipts in the form of levy monies and unrestricted grants make up the other 45 percent. This is slightly more than 2013.
- The Health District had \$889,721 in disbursements during 2014.
- WIC grant revenue decreased by \$53,809 in 2014. This is due primarily to changes in 2014 in how Ohio Department of Health allocates funding. The Champaign Health District received less "up-front" money at the beginning of new grant period. \$50,000 was transferred into the WIC grant from the General revenue Fund in December 2014 to cover expenses until re-imbursements were received.

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 cash basis of accounting.

Report Components

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

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.

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
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(Continued)**

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 cash basis of accounting. This basis of accounting is a basis of accounting other than the generally accepted accounting principles. Under the Health District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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.

Reporting the Health District as a Whole

The Champaign Health District is established to exercise the rights, privileges, and responsibilities conveyed to it by the constitution and laws of the State of Ohio. The Health District is directed by a five-member Board of Health that appoints a Health Commissioner as its Executive Officer. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, vital statistics, and the issuance of health-related licenses and permits. The Health District also acts upon various complaints made by the public concerning the health and welfare of the county.

The statement of net position and the statement of activities reflect how the Health District did financially during 2014 within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Health District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services, and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash 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 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 non-financial factors. Such as, the extent of the Health District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in in-side millage as a local revenue source.

In the statement of net position and the statement of activities, all Health District activities are reported as governmental. State and federal grants, fees, and inside millage finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them; particularly in the personal health services division. The Health District has no business-type activities.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Reporting the District's Most Significant Funds

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 restricted funds are being spent for the intended purpose.

All of the Health District's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Health District's governmental operations and the basic 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 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 WIC Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental Activities section of the entity-wide statements.

The Health District as a Whole

Table 1 provides a summary of the Health District's net position for 2014 on a cash basis. A comparative analysis will be presented.

**(Table 1)
Net Position**

	Governmental Activities	
	2014	2013
Assets:		
Cash and Cash Equivalents	\$830,050	\$724,870
Total Assets	<u>830,050</u>	<u>724,870</u>
Net Position:		
Restricted for:		
Other Purposes	181,859	128,951
Unrestricted	648,191	595,919
Total Net Position	<u>\$830,050</u>	<u>\$724,870</u>

As mentioned previously, net position of all governmental activities increased by \$105,180 during 2014. The primary reasons contributing to the increases in cash balances are as follows:

- Savings from the change in personnel and combination of duties during 2014.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Table 2 reflects the changes in net position in 2014. A comparative analysis of District-wide data is presented.

**(Table 2)
Changes in Net Position**

	Governmental Activities	
	2014	2013
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$317,082	\$313,530
Operating Grants and Contributions	231,511	263,170
Total Program Receipts	548,593	576,700
General Receipts:		
Revenue from Subdivisions	168,500	168,500
State Subsidy	7,537	7,490
Levy	270,183	272,508
Other	88	63
Total General Receipts	446,308	448,561
Total Receipts	994,901	1,025,261
Disbursements:		
Environmental Health:		
Food Program	54,399	59,143
Solid Waste	3,427	4,682
Swimming Pools	3,023	1,698
Plumbing	31,209	29,288
Sewage	24,055	19,834
Other Environmental Health	103,591	114,183
Personal Health Services	129,977	125,113
Immunizations	57,912	51,532
Laboratory	6,295	4,297
Grants:		
WIC	160,561	150,190
IAP	15,841	12,999
MRC	1,582	1,601
Public Health Emergency Preparedness	87,332	78,111
Vital Statistics	18,138	30,868
Child Abuse Prevention	8,589	5,895
Administration	130,635	145,981
Travel/Training	11,839	14,120
County Auditor/Treasurer Fee	4,254	11,807
Rent/Maintenance Phones	37,062	37,863
Other Health Expenditures		458
Total Disbursements	889,721	899,663
Increase in Net Position	\$105,180	\$125,598
Net Position, January 1	724,870	599,272
Net Position, December 31	\$830,050	\$724,870

General receipts represent 45 percent of the Health District's total receipts, and of this amount, 38 percent are local taxes (revenue from subdivisions) provided by each municipality and District in the county. Levy dollars represent 61 percent of general receipts, with the remaining amount at less than 1 percent provided by the State Subsidy at less than \$0.19 per capita.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Disbursements for the Health District represent the overhead costs of running the Health District and the support services provided for the other District activities. These include primarily the costs of personnel and personnel support at 78 percent of total disbursements, as the primary product of the Health District is preventive health services which are labor-intensive.

Capital outlay signifies the disbursements for equipment for use in administering the Health District's services. There were no significant equipment purchases during 2014, with the total equipment purchases around 2 percent of all disbursements.

Governmental Activities

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Health District. The last column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Health services.

The Net Cost (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3. All grants (IAP, WIC, and Public Health Emergency Preparedness) have a zero net cost to the health district, in 2008 all grant funds were separated from one general fund; any apparent net costs to the district are not real and should be attributed to changes in accounting practices, carryover, and differing fiscal years.

**Table 3
Net Cost of Services**

	Cash Disbursements	Net Cost of Services
Governmental Activities:		
Environmental Health:		
Food Program	\$54,399	\$19,130
Solid Waste	3,427	612
Swimming Pools	3,023	302
Camps		295
Plumbing	31,209	7,480
Sewage	24,055	12,802
Other Environmental Health	103,591	(81,629)
Personal Health Services	129,977	(66,193)
Immunizations	57,912	(35,987)
Laboratory	6,295	(189)
Grants:		
WIC	160,561	(39,578)
IAP	15,841	200
MRC	1,582	1,918
Public Health Emergency	87,332	(2,820)
Vital Statistics	18,138	19,781
Child Abuse Prevention	8,589	254
Administration	130,635	(130,635)
Travel/Training	11,839	(11,839)
County Auditor/Treasurer Fee	4,254	(4,254)
Rent/Maintenance/Phones	37,062	(37,062)
Other Health		6,284
Total Governmental Activities	\$889,721	(\$341,128)

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

The Health District's Funds

Total Governmental funds had receipts of \$994,814 and disbursements of \$889,721.

Receipts were more than disbursements in the Health District's General fund, mainly due to the increase in Medicaid Administrative Claiming (MAC) revenue and increased efficiency of immunization billing. In the Environmental Health division most of the services are provide for a fee based on current cost methodologies. However, even with adjustments to fees during 2014 the division is not self-funded and requires monies from the General fund. In the Nursing and Personal Health Services division, most of the services provided are not fee based and are primarily funded via the General fund. All of the grants received by the District except the Immunization Action Planning grant have differing fiscal years, therefore while it appears there are more expenditures than receipts, this is not true at the end of each grant year.

Budgeting Highlights

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

During 2014, the Health District amended its General and Special Revenue fund budgets to reflect changing circumstances.

Revenues for the General Fund were originally budgeted at \$560,675, and actual revenue was \$643,184. Revenues for WIC were originally budgeted at \$158,617. Actual revenues for WIC services were \$120,983.

Disbursements for the General Fund were originally budgeted at \$677,063 and amended to \$557,279 and actual disbursements were \$590,912. Disbursements for Supplies-Vaccine were originally budgeted at \$19,666 amended to \$4,409, and actual disbursements of \$4,021. This reflects less disbursements for private purchase of vaccine due to an arrangement with Vax-Care to provide vaccine. The Health District kept overall spending around the budgeted amounts.

Capital Assets

The Health District does not currently keep track of its capital assets and infrastructure. The Health District has not made plans to track this, as it is not required by current law. The Health District does not own land or other real estate at this time.

Debt

As of December 31, 2014, the Health District's outstanding debt included future lease payments for the office facility and copier equipment, as well as accumulated leave balances for the Health District's employees. For further information regarding the Health District's rental lease, refer to the note 9 to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Current Issues

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Health District relies heavily on inside millage from the cities, townships, and villages and state levy grant funds; as the inside millage and the grant funds are fairly fixed we continue to struggle with the increase in operating expenses primarily in personnel costs. Without a significant change in these resources, even with conservative spending, the Health District will continue to see a decrease in financial stability. The District successfully passed a 0.4 mil levy in November 2007 and May 2012; this additional funding in 2013 through 2017 will assure that basic service provision can continue even with shrinkage of grant funding.

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Health District's finances and to reflect the Health District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jeffrey A. Webb, Health Commissioner, Champaign Health District, 1512 S. US Highway 68, Suite Q100, Urbana, OH 43078.

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CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$830,050
Total Assets	<u>830,050</u>
Net Position	
Restricted for:	
Other Purposes	181,859
Unrestricted	648,191
Total Net Position	<u>\$830,050</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Environmental Health:				
Food Program	\$54,399	\$72,680	\$849	\$19,130
Solid Waste	3,427		4,039	612
Swimming Pools	3,023	3,287	38	302
Camps		295		295
Plumbing	31,209	38,689		7,480
Sewage	24,055	36,530	327	12,802
Other Environmental Health	103,591	21,962		(81,629)
Personal Health Services	129,977	63,784		(66,193)
Immunizations	57,912	21,925		(35,987)
Laboratory	6,295	6,106		(189)
Grants				
WIC	160,561		120,983	(39,578)
IAP	15,841	4,974	11,067	200
MRC	1,582		3,500	1,918
Public Health Emergency	87,332		84,512	(2,820)
Vital Statistics	18,138	37,919		19,781
Child Abuse Prevention	8,589	8,843		254
Administration	130,635			(130,635)
Travel/Training	11,839			(11,839)
County Auditor/Treasurer Fee	4,254			(4,254)
Rent/Maintenance/Phones	37,062			(37,062)
Other Health		88	6,196	6,284
Total Governmental Activities	\$889,721	\$317,082	\$231,511	(341,128)
General Receipts:				
Levy				270,183
Subdivisions				168,500
State Subsidy				7,537
Other				88
Total General Receipts				446,308
 Change in Net Position				 105,180
 Net Position, Beginning of Year				 724,870
 Net Position, End of Year				 \$830,050

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	<u>General</u>	<u>WIC Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$648,191	\$37,819	\$144,040	\$830,050
Total Assets	<u>648,191</u>	<u>37,819</u>	<u>144,040</u>	<u>830,050</u>
Fund Balances:				
Restricted		37,819	144,040	181,859
Assigned	122,270			122,270
Unassigned	525,921			525,921
Total Fund Balances	<u>\$648,191</u>	<u>\$37,819</u>	<u>\$144,040</u>	<u>\$830,050</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>WIC Grant</u>	<u>Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
State Funds	\$7,537			\$7,537
Grants:				
Local			\$3,971	3,971
Federal		\$118,056	97,336	215,392
Levy	270,183			270,183
Subdivisions	168,500			168,500
Fines, Licenses and Permits: Environmental	59,220		112,496	171,716
Nursing Fees	83,616		2,138	85,754
Medicaid/Medicare	1,677		2,836	4,513
Vital Statistic Fees	37,919		8,843	46,762
Charges for Services	6,106			6,106
Reimbursements/Refunds	8,425	2,068	3,026	13,519
Miscellaneous	1	859		860
Total Receipts	<u>643,184</u>	<u>120,983</u>	<u>230,646</u>	<u>994,813</u>
Disbursements:				
Current:				
Salaries - Employees	311,327	103,578	92,192	507,097
Sick Leave Vacation Payoff	4,564			4,564
Group Insurances	56,123	13,179	24,894	94,196
Medicare	4,455	1,470	1,281	7,206
PERS	43,585	14,495	12,907	70,987
Workers Compensation	4,927	1,528	1,237	7,692
Supplies -Office and program specific	7,603	6,051	1,317	14,971
Supplies - Postage	3,007	767		3,774
Supplies - Medical	2,123			2,123
Supplies - Vaccine	4,021			4,021
Equipment	1,396	1,614	18,417	21,427
Client Incentive/Health Promotion			1,229	1,229
Rent/Maintenance Building	26,167	6,847		33,014
Rent/Lease Equipment	6,057			6,057
Insurance Liability	3,536			3,536
Telephone	4,838	1,508	4,676	11,022
Advertising and Printing/Binding	1,361	742	1,015	3,118
Travel/ Training/ Dues / Membership	11,841	580	5,891	18,312
Consulting/ Contracts	4,333		18,195	22,528
Refunds	961	8,202	25	9,188
Fees - Lab/State	6,295			6,295
Fees - Vital Statistics	18,138		8,589	26,727
Fees - State Remittances			6,383	6,383
Fees- County Auditor	4,254			4,254
Total Disbursements	<u>530,912</u>	<u>160,561</u>	<u>198,248</u>	<u>889,721</u>
Excess of Receipts Over (Under) Disbursements	<u>112,272</u>	<u>(39,578)</u>	<u>32,398</u>	<u>105,092</u>
Other Financing Sources (Uses):				
Transfers In		50,000	10,000	60,000
Transfers Out	(60,000)			(60,000)
Refund of Prior Year Expenditures			88	88
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>50,000</u>	<u>10,088</u>	<u>88</u>
Net Change in Fund Balances	52,272	10,422	42,486	105,180
Fund Balances Beginning of Year	<u>595,919</u>	<u>27,397</u>	<u>101,554</u>	<u>724,870</u>
Fund Balances End of Year	<u>\$648,191</u>	<u>\$37,819</u>	<u>\$144,040</u>	<u>\$830,050</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
State Funds	\$6,000	\$7,537	\$7,537	
Grants:				
Levy	257,350	270,183	270,183	
Subdivisions	168,500	168,500	168,500	
Fines, Licenses and Permits: Environmental	36,450	59,220	59,220	
Nursing Fees	34,500	52,642	52,642	
Medicaid/Medicare	2,500	1,677	1,677	
Vital Statistic Fees	28,300	37,919	37,919	
Charges for Services	7,000	6,106	6,106	
Donations				
Reimbursements	18,075	39,399	39,399	
Miscellaneous	2,000	1	1	
Total Receipts	<u>560,675</u>	<u>643,184</u>	<u>643,184</u>	
Disbursements:				
Current:				
Salaries - Employees	347,000	316,312	311,327	\$4,985
Sick Leave Vacation Payoff	10,000	4,565	4,564	1
Group Insurances	80,000	56,123	56,123	
Medicare	5,017	5,017	4,455	562
PERS	48,500	48,500	43,585	4,915
Workers Compensation	15,600	4,927	4,927	
Supplies -Office and program specific	12,000	7,472	7,603	(131)
Supplies - Postage	4,557	3,159	3,007	152
Supplies - Medical	13,000	2,124	2,123	1
Supplies - Vaccine	19,666	4,409	4,021	388
Equipment	4,600	1,395	1,396	(1)
Repair/Maintenance	1,000	500		500
Rent/Maintenance Building	27,089	26,167	26,167	
Rent/Maintenance equipment	6,000	6,600	6,057	543
Insurance Liability	6,600	3,536	3,536	
Telephone	5,200	4,442	4,838	(396)
Advertising	1,000	1,361	1,361	
Travel/ Training/ Dues / Membership	21,456	14,039	11,841	2,198
Audit Charges	3,000			
Consulting/ Contracts	4,000	4,000	4,333	(333)
Refunds	655	961	961	
Fees - County Auditor	7,550	7,550	4,254	3,296
Fees - Lab/State	7,573	7,795	6,295	1,500
Fees - Vital Statistics	23,000	23,325	18,138	5,187
Unanticipated Emergency/Transfer Out	3,000	3,000		3,000
Total Disbursements	<u>677,063</u>	<u>557,279</u>	<u>530,912</u>	<u>26,367</u>
Excess of Receipts Over (Under) Disbursements	<u>(116,388)</u>	<u>85,905</u>	<u>112,272</u>	<u>26,367</u>
Other Financing Sources (Uses):				
Transfers Out		(60,000)	(60,000)	
Total Other Financing Sources (Uses)		<u>(60,000)</u>	<u>(60,000)</u>	
Net Change in Fund Balance	<u>(116,388)</u>	<u>25,905</u>	<u>52,272</u>	<u>26,367</u>
Prior Year Encumbrances Appropriated	1,677	1,677	1,677	
Fund Balance Beginning of Year	<u>594,242</u>	<u>594,242</u>	<u>594,242</u>	
Fund Balance End of Year	<u>\$479,531</u>	<u>\$621,824</u>	<u>\$648,191</u>	<u>\$26,367</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WIC GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
WIC - Intergovernmental Reimbursements	\$158,617	\$158,618	\$118,915	(\$39,703)
			2,068	2,068
Total Receipts	<u>158,617</u>	<u>158,618</u>	<u>120,983</u>	<u>(37,635)</u>
Disbursements:				
Current:				
Salaries - Employees	102,428	103,578	103,578	
Group Insurances	20,692	13,440	13,179	261
Medicare	1,551	1,470	1,470	
PERS	14,872	14,495	14,495	
Workers Compensation	5,106	2,422	1,528	894
Supplies -Office and program specific	7,587	6,817	6,818	(1)
Advertising	1,560	742	742	
Equipment	2,249	1,613	1,614	(1)
Rent/phones	7,362	8,355	8,355	
Travel/ Training/ Dues / Membership	705	580	580	
Refund	8,202	8,202	8,202	
Total Disbursements	<u>172,314</u>	<u>161,714</u>	<u>160,561</u>	<u>1,153</u>
Excess of Receipts Over (Under) Disbursements	(13,697)	(3,096)	(39,578)	(36,482)
Other Financing Sources (Uses):				
Transfers In		12,366	50,000	37,634
Total Other Financing Sources (Uses)		<u>12,366</u>	<u>50,000</u>	<u>37,634</u>
Net Change in Fund Balance	(13,697)	9,270	10,422	1,152
Prior Year Encumbrances Appropriated	997	997	997	
Fund Balance Beginning of Year	<u>26,400</u>	<u>26,400</u>	<u>26,400</u>	
Fund Balance End of Year	<u>\$13,700</u>	<u>\$36,667</u>	<u>\$37,819</u>	<u>\$1,152</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Champaign Health District, (the Health District) as a body corporate and politic.

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include vital statistics, prevention and control of disease, immunization clinics, public health nursing services, inspections, the issuance of health-related licenses and permits, sanitation, abatement and removal of nuisances, and emergency response planning.

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; or the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Health District, are accessible to the Health District and are significant in amount to the Health District. The Health District includes no component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and contract services rendered for a program. 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 program is self-financing on a cash basis or draws from the general receipts of the Health District.

2. 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. All of the funds of the Health District are governmental.

1. 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 funds:

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The WIC Grant Fund accounts for State and Federal grant money used to provide programs in Champaign County. The WIC funds are predominantly for early childhood issues including nutrition, early detection and intervention.

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

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this 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 liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency 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, function, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and Health Districts within the Health District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and Health Districts 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, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to 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 shall be certified to the county budget commission for approval.

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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 Champaign County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Champaign County Auditor, 1512 S. US Highway 68, Suite B300, Urbana, Ohio 43078, (937) 484-1600.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

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 cash basis of accounting.

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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

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

Non-spendable - The non-spendable fund balance category includes amounts that cannot be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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 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. 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 of Health, 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 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 Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

Un-assigned – Un-assigned 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

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 the District's health programs.

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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

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 – Budget 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 cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as an assigned or restricted fund balance (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 (cash basis). The Health District had no encumbrances outstanding at year end.

4. INTERGOVERNMENTAL AND LEVY FUNDING

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

5. RISK MANAGEMENT

A. Commercial Insurance

The Health District has obtained commercial insurance for the following risks:

- Employee health insurance
- Errors and omissions.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. RISK MANAGEMENT (Continued)

B. Risk Pool Membership

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. 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.

C. 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, 2014, PEP retained \$350,000 for casualty claims and \$100,000 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.

D. Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Health District's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
<u>\$3,435</u>	<u>\$3,536</u>

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.

E. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

For 2014, the Health District, through Champaign County as their fiscal agent, participated in the State of Ohio Worker's Compensation system. The Health District budgets 4.5% of wages to provide Workers' Compensation coverage for its' employees; this amount will remain the same for 2015.

F. Employee Medical Benefits

The Health District participates in a health insurance plan through Anthem available for all fulltime employees. The fully insured plan includes health, mental health and prescription benefits.

The cost of the program for 2014 was \$94,196 compared to \$100,064 in 2013. This is primarily due to changes in numbers of full-time staff taking the insurance.

6. 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 the retirement system to provide a formula retirement benefit similar to in nature to, but less than, 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy – The Ohio Revised Code provides 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 in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2014, member and employer contribution rates were consistent across all three plans.

The Health District's 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 all three plans was 2 percent for 2014. Employer contribution rates are actuarially determined.

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, 2012 were \$60,846, \$64,110 and \$61,095 respectively. The full amount has been contributed for 2014, 2013, and 2012.

7. POST-EMPLOYMENT BENEFITS

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.

Ohio Public Employees Retirement System

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.

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

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 2014, 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 14.0 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 2.0 percent in 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent in 2014.

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-retirement health care benefits for the years ended December 31, 2014, 2013 and 2012 were \$10,141, \$4,932, and \$3,034 respectively; 100 percent has been contributed for 2014, 2013, and 2012.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under the SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

8. 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.

9. CONTRACTUAL OBLIGATIONS

The Health District is a party to a multi-year lease for rental of office space. This lease was renewed in January 2011. This lease requires the District to remit \$2,794 monthly.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

10. FUND BALANCE

Fund balance is classified as non-spendable, 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>General Fund</u>	<u>WIC Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:				
WIC Administration		\$37,819		\$37,819
Health Grants			\$21,395	21,395
Immunization Action Plan			21,533	21,533
Food Service			46,506	46,506
Sewage Program			41,937	41,937
Swimming Pool			6,770	6,770
Children's Abuse Prevention			4,330	4,330
Solid Waste Management			760	760
Help Me Grow			809	809
Total Restricted		<u>37,819</u>	<u>144,040</u>	<u>181,859</u>
Assigned for:				
Future Appropriations	<u>\$122,270</u>			<u>122,270</u>
Total Assigned	<u>122,270</u>			<u>122,270</u>
Unassigned	<u>525,921</u>			<u>525,921</u>
Total Fund Balance	<u>\$648,191</u>	<u>\$37,819</u>	<u>\$144,040</u>	<u>\$830,050</u>

11. INTERFUND TRANSFERS

During 2014 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From General</u>
WIC Grant Fund	\$50,000
Other Governmental Funds	10,000
Total	<u>\$60,000</u>

Transfers 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.

The general fund transfers to other governmental funds were made to provide additional resources for current operations.

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**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

This discussion and analysis of the Champaign 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 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 enhance their understanding of the Health District's financial performance.

Highlights

Key highlights for 2013 are as follows:

- Net position from all governmental activities increased by \$125,598, a change predominantly due to decrease in expenditures.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 56 percent of all the dollars coming into the District. General receipts in the form of levy monies and unrestricted grants make up the other 44 percent. This is almost the exact same as 2012.
- The Health District had \$899,663 in disbursements during 2013.
- Grant revenue decreased by \$25,871; this is due to no longer having the CFHS Grant, a 30% decrease in IAP funds, and a 28% decrease in PHEP funds.

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 cash basis of accounting.

Report Components

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

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.

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)**

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 cash basis of accounting. This basis of accounting is a basis of accounting other than the generally accepted accounting principles. Under the Health District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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.

Reporting the Health District as a Whole

The Champaign Health District is established to exercise the rights, privileges, and responsibilities conveyed to it by the constitution and laws of the State of Ohio. The Health District is directed by a five-member Board of Health that appoints a Health Commissioner as its Executive Officer. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, vital statistics, and the issuance of health-related licenses and permits. The Health District also acts upon various complaints made by the public concerning the health and welfare of the county.

The statement of net position and the statement of activities reflect how the Health District did financially during 2013 within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Health District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services, and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash 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 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 non-financial factors. Such as, the extent of the Health District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in in-side millage as a local revenue source.

In the statement of net position and the statement of activities, all Health District activities are reported as governmental. State and federal grants, fees, and inside millage finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them; particularly in the personal health services division. The Health District has no business-type activities.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)**

Reporting the District's Most Significant Funds

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 restricted funds are being spent for the intended purpose.

All of the Health District's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Health District's governmental operations and the basic 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 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 WIC Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental Activities section of the entity-wide statements.

The Health District as a Whole

Table 1 provides a summary of the Health District's net position for 2013 on a cash basis. A comparative analysis will be presented.

**(Table 1)
Net Position**

	Governmental Activities	
	2013	2012
Assets:		
Cash and Cash Equivalents	\$724,870	\$599,272
Total Assets	<u>724,870</u>	<u>599,272</u>
Net Position:		
Restricted for:		
Other Purposes	128,951	76,568
Unrestricted	595,919	522,704
Total Net Position	<u>\$724,870</u>	<u>\$599,272</u>

As mentioned previously, net position of all governmental activities increased by \$125,598 during 2013. The primary reasons contributing to the increases in cash balances are as follows:

- 0.5% increase in revenue and 5.5% decrease in expenditures

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net position in 2013. A comparative analysis of District-wide data is presented.

**(Table 2)
Changes in Net Position**

	Governmental Activities	
	2013	2012
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$313,530	\$288,272
Operating Grants and Contributions	263,170	289,041
Total Program Receipts	<u>576,700</u>	<u>577,313</u>
General Receipts:		
Revenue from Subdivisions	168,500	168,500
State Subsidy	7,490	7,498
Levy	272,508	266,290
Refund of Prior Year Expenditure	63	0
Total General Receipts	<u>448,561</u>	<u>442,288</u>
Total Receipts	<u>1,025,261</u>	<u>1,019,601</u>
Disbursements:		
Environmental Health:		
Food Program	59,143	73,115
Solid Waste	4,682	4,594
Swimming Pools	1,698	3,255
Plumbing	29,288	36,750
Sewage	19,834	27,652
Other Environmental Health	114,183	90,389
Personal Health Services	125,113	121,611
Immunizations	51,532	43,629
Laboratory	4,297	3,728
Grants:		
WIC	150,190	151,109
Help Me Grow/CFHS	0	24,848
IAP	12,999	22,814
MRC	1,601	2,526
Public Health Emergency Preparedness	78,111	85,328
Vital Statistics	30,868	23,733
Child Abuse Prevention	5,895	7,254
Administration	145,981	157,612
Travel/Training	14,120	17,275
County Auditor/Treasurer Fee	11,807	8,845
Rent/Maintenance Phones	37,863	38,944
Other Health Expenditures	458	6,723
Total Disbursements	<u>899,663</u>	<u>951,734</u>
Increase in Net Position	125,598	67,867
Net Position, January 1	599,272	531,405
Net Position, December 31	<u>\$724,870</u>	<u>\$599,272</u>

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)**

General receipts represent 44 percent of the Health District's total receipts, and of this amount, 38 percent are local taxes (revenue from subdivisions) provided by each municipality and District in the county. Levy dollars represent 61 percent of general receipts, with the remaining amount at 1 percent provided by the State Subsidy at less than \$0.19 per capita.

Disbursements for the Health District represent the overhead costs of running the Health District and the support services provided for the other District activities. These include primarily the costs of personnel and personnel support at 77 percent of total disbursements, as the primary product of the Health District is preventive health services which are labor-intensive.

Capital outlay signifies the disbursements for equipment for use in administering the Health District's services. There were no significant equipment purchases during 2013, with the total equipment purchases around 1 percent of all disbursements.

Governmental Activities

If you look at the Statement of Activities on page, you will see that the first column lists the major services provided by the Health District. The last column identifies the costs of providing these services. The major program disbursements for governmental activities are for grants related to Public Health services.

The Net Cost of Services column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3. All grants (IAP, WIC, and Public Health Emergency Preparedness) have a zero net cost to the health district, in 2008 all grant funds were separated from one general fund; any apparent net costs to the district are not real and should be attributed to changes in accounting practices, carryover, and differing fiscal years.

**Table 3
Net Cost of Services**

	<u>Cash Disbursements</u>	<u>Net Cost of Services</u>
Governmental Activities:		
Environmental Health:		
Food Program	\$59,143	\$15,382
Solid Waste	4,682	(711)
Swimming Pools	1,698	1,550
Camps		395
Plumbing	29,288	7,243
Sewage	19,834	17,710
Other Environmental Health	114,183	(94,712)
Personal Health Services	125,113	(71,595)
Immunizations	51,532	(22,799)
Laboratory	4,297	5,094

(Continued)

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)**

**Table 3
Net Cost of Services
(Continued)**

	Cash Disbursements	Net Cost of Services
Grants:		
WIC	150,190	23,728
IAP	12,999	6,214
MRC	1,601	(1,481)
Public Health Emergency	78,111	(12,241)
Vital Statistics	30,868	3,614
Child Abuse Prevention	5,895	2,097
Administration	145,981	(145,981)
Travel/Training	14,120	(14,120)
County Auditor/Treasurer Fee	11,807	(11,807)
Rent/Maintenance/Phones	37,863	(37,863)
Other Health	458	7,320
Total Governmental Activities	<u>\$899,663</u>	<u>(\$322,963)</u>

The Health District's Funds

Total Governmental funds had receipts of \$1,025,261 and disbursements of \$899,663.

Receipts were more than disbursements in all of the Health District's funds, mainly due to the increase in Medicaid Administrative Claiming (MAC) revenue and increased efficiency of immunization billing. In the Environmental health division, most of the services are provided for a fee based on current cost methodologies. However, even with adjustments to fees during 2013, the division is not self-funded and requires monies from the General fund. In the Nursing and Personal Health Services division, most of the services provided are not fee based and are wholly funded via the General fund.

Budgeting Highlights

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

During 2013, the Health District amended its General and Special Revenue fund budgets to reflect changing circumstances. The PHEP grant was aligned to be consistent with State of Ohio fiscal year.

Revenues for General Fund were originally budgeted at \$539,475, and actual revenue was \$638,720. Revenues in the nursing and personal health programs were slightly increased due to Medicaid/Medicare reimbursement was significantly increased due to higher priority of billing and receipt of funds. Revenues for WIC were originally budgeted at \$159,211, and actual revenue of \$173,918 due to changes in grant funding for services provided.

Disbursements for General Fund were originally budgeted at \$599,353, amended to \$563,965, and actual disbursements were \$567,182. Disbursements for WIC were originally budgeted at \$158,609, amended to \$154,327, and actual disbursements of \$151,187. The Health District kept overall spending around the budgeted amounts.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)**

Capital Assets

The Health District does not currently keep track of its capital assets and infrastructure. The Health District has not made plans to track this, as it is not required by current law. The Health District does not own land or other real estate at this time.

Debt

As of December 31, 2013, the Health District's outstanding debt included future lease payments for the office facility and copier equipment, as well as accumulated leave balances for the Health District's employees. For further information regarding the Health District's rental lease, refer to the note 9 to the basic financial statements.

Current Issues

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Health District relies heavily on inside millage from the cities, townships, and villages and state levy grant funds; as the inside millage and the grant funds are fairly fixed we continue to struggle with the increase in operating expenses primarily in personnel costs. Without a significant change in these resources, even with conservative spending, the Health District will continue to see a decrease in financial stability. The District successfully passed a 0.4 mil levy in November 2007 and May 2012; this additional funding in 2013 through 2017 will assure that basic service provision can continue even with shrinkage of grant funding.

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Health District's finances and to reflect the Health District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jeffrey Webb, Health Commissioner, Champaign Health District, 1512 S. US Highway 68, Suite Q100, Urbana, OH 43078.

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CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$724,870
Total Assets	<u>724,870</u>
Net Position:	
Restricted for:	
Other Purposes	128,951
Unrestricted	595,919
Total Net Position	<u>\$724,870</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2013**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Current:				
Environmental Health:				
Food Program	\$59,143	\$74,525		\$15,382
Solid Waste	4,682		\$3,971	(711)
Swimming Pools	1,698	3,248		1,550
Camps		395		395
Plumbing	29,288	36,531		7,243
Sewage	19,834	37,544		17,710
Other Environmental Health	114,183	19,471		(94,712)
Personal Health Services	125,113	53,518		(71,595)
Immunizations	51,532	28,733		(22,799)
Laboratory	4,297	9,391		5,094
Grants:				
WIC	150,190		173,918	23,728
IAP	12,999		19,213	6,214
MRC	1,601		120	(1,481)
Public Health Emergency	78,111		65,870	(12,241)
Vital Statistics	30,868	34,482		3,614
Child Abuse Prevention	5,895	7,992		2,097
Administration	145,981			(145,981)
Travel/Training	14,120			(14,120)
County Auditor/Treasurer Fee	11,807			(11,807)
Rent/Maintenance/Phones	37,863			(37,863)
Other Health	458	7,700	78	7,320
Total Governmental Activities	<u>\$899,663</u>	<u>\$313,530</u>	<u>\$263,170</u>	<u>(322,963)</u>
General Receipts:				
Levy				272,508
Subdivisions				168,500
State Subsidy				7,490
Other				63
Total General Receipts				<u>448,561</u>
Change in Net Position				125,598
Net Position, Beginning of Year				<u>599,272</u>
Net Position, End of Year				<u>\$724,870</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>General</u>	<u>WIC Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$595,919	\$27,397	\$101,554	\$724,870
Total Assets	<u>595,919</u>	<u>27,397</u>	<u>101,554</u>	<u>724,870</u>
Fund Balances:				
Restricted		27,397	101,554	128,951
Assigned	1,677			1,677
Unassigned	594,242			594,242
Total Fund Balances	<u>\$595,919</u>	<u>\$27,397</u>	<u>\$101,554</u>	<u>\$724,870</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>General</u>	<u>WIC Grant</u>	<u>Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
State Funds	\$7,490			\$7,490
Grants:				
Local			\$3,971	3,971
Federal		\$171,865	75,869	247,734
Levy	272,508			272,508
Subdivisions	168,500			168,500
Fines, Licenses and Permits: Environmental	56,397		113,829	170,226
Nursing Fees	78,046		3,812	81,858
Medicaid/Medicare	4,205		3,570	7,775
Vital Statistic Fees	34,482		7,992	42,474
Charges for Services	9,391			9,391
Donations	3			3
Reimbursements/Refunds	7,698	2,053	3,517	13,268
Total Receipts	<u>638,720</u>	<u>173,918</u>	<u>212,560</u>	<u>1,025,198</u>
Disbursements:				
Current:				
Salaries - Employees	309,779	99,687	83,092	492,558
Sick Leave Vacation Payoff	15,293			15,293
Group Insurances	60,504	18,779	20,781	100,064
Medicare	4,564	1,400	1,153	7,117
PERS	43,453	13,955	11,633	69,041
Workers Compensation	7,597	2,505	2,675	12,777
Supplies -Office and program specific	6,423	4,709		11,132
Supplies - Postage	1,933	480		2,413
Supplies - Medical	4,742			4,742
Supplies - Vaccine	11,354			11,354
Equipment	995		10,949	11,944
Rent/Maintenance Building	26,556	6,284	697	33,537
Rent/Lease Equipment	6,611			6,611
Insurance Liability	3,435			3,435
Telephone	4,695	1,276	5,134	11,105
Audit	4,982			4,982
Advertising and Printing/Binding	1,156	582	1,690	3,428
Travel/ Training/ Dues / Membership	14,120	533	6,215	20,868
Consulting/ Contracts	4,029		27,293	31,322
Refunds	454		442	896
Fees - Lab/State	4,297			4,297
Fees - Vital Statistics	19,061		5,895	24,956
Fees - State Remittances	2,647		6,319	8,966
Fees- County Auditor	6,825			6,825
Total Disbursements	<u>565,505</u>	<u>150,190</u>	<u>183,968</u>	<u>899,663</u>
Excess of Receipts Over Disbursements	<u>73,215</u>	<u>23,728</u>	<u>28,592</u>	<u>125,535</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures			63	63
Total Other Financing Sources (Uses)			<u>63</u>	<u>63</u>
Net Change in Fund Balances	73,215	23,728	28,655	125,598
Fund Balances Beginning of Year	<u>522,704</u>	<u>3,669</u>	<u>72,899</u>	<u>599,272</u>
Fund Balances End of Year	<u>\$595,919</u>	<u>\$27,397</u>	<u>\$101,554</u>	<u>\$724,870</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
State Funds	\$7,000	\$7,000	\$7,490	\$490
Grants:				
Levy	252,500	273,791	272,508	(1,283)
Subdivisions	168,500	168,500	168,500	
Fines, Licenses and Permits: Environmental	29,650	53,229	56,397	3,168
Nursing Fees	39,500	78,728	78,046	(682)
Medicaid/Medicare	5,500	5,500	4,205	(1,295)
Vital Statistic Fees	27,300	34,109	34,482	373
Charges for Services	7,000	8,256	9,391	1,135
Donations			3	3
Reimbursements	525	7,608	7,698	90
Contracts				
Miscellaneous	2,000	2,000		(2,000)
Total Receipts	539,475	638,721	638,720	(1)
Disbursements:				
Current:				
Salaries - Employees	326,000	310,665	309,779	886
Sick Leave Vacation Payoff	10,000	16,205	15,293	912
Group Insurances	40,000	60,504	60,504	
Medicare	4,727	4,727	4,564	163
PERS	45,640	43,453	43,453	
Workers Compensation	13,040	7,597	7,597	
Supplies -Office and program specific	13,000	6,697	6,887	(190)
Supplies - Postage	4,557	1,933	1,933	
Supplies - Medical	13,000	4,742	4,742	
Supplies - Vaccine	10,000	13,000	11,354	1,646
Equipment	4,500	995	995	
Repair/Maintenance	2,000			
Rent/Maintenance Building	27,089	27,089	26,556	533
Rent/Maintenance equipment	6,000	6,611	6,611	
Insurance Liability	5,000	3,435	3,435	
Telephone	5,200	5,200	5,145	55
Advertising	1,000	2,065	1,586	479
Travel/ Training/ Dues / Membership	21,500	13,474	14,120	(646)
Audit Charges	3,000	4,982	4,982	
Consulting/ Contracts	4,000	4,362	4,362	
Refunds	250	650	454	196
Fees - County Auditor	8,250	6,926	6,825	101
Fees - Lab/State	8,600	5,925	6,944	(1,019)
Fees - Vital Statistics	20,000	12,728	19,061	(6,333)
Unanticipated Emergency/Transfer Out	3,000			
Total Disbursements	599,353	563,965	567,182	(3,217)
Excess of Receipts Over (Under) Disbursements	(59,878)	74,756	71,538	(3,218)
Prior Year Encumbrances Appropriated	14,863	14,863	14,863	
Fund Balance Beginning of Year	507,841	507,841	507,841	
Fund Balance End of Year	\$462,826	\$597,460	\$594,242	(\$3,218)

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WIC GRANT 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:				
WIC - Intergovernmental Reimbursements	\$159,211	\$173,918	\$171,865	(\$2,053)
			2,053	2,053
Total Receipts	<u>159,211</u>	<u>173,918</u>	<u>173,918</u>	
Disbursements:				
Current:				
Salaries - Employees	104,157	99,687	99,687	
Group Insurances	19,236	18,779	18,779	
Medicare	1,473	1,571	1,400	171
PERS	14,229	15,774	13,955	1,819
Workers Compensation	4,065	3,521	2,505	1,016
Supplies -Office and program specific	1,227	4,451	4,344	107
Advertising		633	582	51
Client Incentive/BF	4,687	1,726	1,726	
Rent/phones	7,436	7,562	7,676	(114)
Travel/ Training/ Dues / Membership	1,475	623	533	90
Consulting/Contracts	624			
Total Disbursements	<u>158,609</u>	<u>154,327</u>	<u>151,187</u>	<u>3,140</u>
Excess of Receipts Over Disbursements	602	19,591	22,731	3,140
Prior Year Encumbrances Appropriated	232	232	232	
Fund Balance Beginning of Year	<u>3,437</u>	<u>3,437</u>	<u>3,437</u>	
Fund Balance End of Year	<u>\$4,271</u>	<u>\$23,260</u>	<u>\$26,400</u>	<u>\$3,140</u>

See accompanying notes to the basic financial statements

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Champaign Health District, (the Health District) as a body corporate and politic.

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include vital statistics, prevention and control of disease, immunization clinics, public health nursing services, inspections, the issuance of health-related licenses and permits, sanitation, abatement and removal of nuisances, and emergency response planning.

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; or the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Health District, are accessible to the Health District and are significant in amount to the Health District. The Health District includes no component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and contract services rendered for a program. 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 program is self-financing on a cash basis or draws from the general receipts of the Health District.

2. 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. All of the funds of the Health District are governmental.

1. 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 funds:

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The WIC Grant Fund account for State and Federal grant money used to provide programs in Champaign County. The WIC funds are predominantly for early childhood issues including nutrition, early detection and intervention.

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

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this 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 liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency 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, function, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and Health Districts within the Health District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and Health Districts 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, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to 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 shall be certified to the county budget commission for approval.

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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 Champaign County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Champaign County Auditor, 1512 S. US Highway 68, Suite B300, Urbana, Ohio 43078, (937) 484-1600.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

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 cash basis of accounting.

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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

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

M. Fund Balance

District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are 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. It also includes the long-term amount of interfund loans.

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 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. 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 of Health, 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 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 Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

Un-assigned - Un-assigned 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

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 the District's health programs.

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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

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 – Budget 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 cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as assigned or restricted fund balance (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 (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$1,677
Major Special Revenue Funds:	
WIC	997
Other Governmental Funds:	
Child Abuse and Neglect, PHEP, Food, and Sewage	<u>3,647</u>
Total	<u>\$6,321</u>

4. INTERGOVERNMENTAL AND LEVY FUNDING

The County apportions the excess of the Health District's appropriations over other estimated receipts among the Districts 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. RISK MANAGEMENT

A. Commercial Insurance

The Health District has obtained commercial insurance for the following risks:

- Employee health insurance
- Errors and omissions.

B. Risk Pool Membership

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. 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.

C. 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 \$100,000 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.

D. Financial Position

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

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

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, 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 Government's share of these unpaid claims collectible in future years is approximately \$2,000.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. RISK MANAGEMENT (Continued)

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.

Contributions to PEP	
2012	2013
<u>\$6,644</u>	<u>\$3,435</u>

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.

C. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

For 2013 the Health District, through Champaign County as their fiscal agent, participated in the State of Ohio Worker's Compensation system. The Health District budgets 4.5% of wages to provide Workers' Compensation coverage for its' employees; this amount will remain the same for 2014.

D. Employee Medical Benefits

The Health District participates in a health insurance plan through Anthem available for all fulltime employees. The fully insured plan includes health, mental health and prescription benefits.

The cost of the program for 2013 was \$100,064 compared to \$84,077 in 2012. This shows an increase primarily due to changes in numbers of full-time staff taking the insurance and premium changes.

6. 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 the retirement system to provide a formula retirement benefit similar to in nature to, but less than, 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy – The Ohio Revised Code provides 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 in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2013, member and employer contribution rates were consistent across all three plans.

The Health District's contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1 percent of covered payroll. 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 all three plans was 1 percent for 2013. Employer contribution rates are actuarially determined.

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012 and 2011 were \$64,110, \$61,095 and \$66,452 respectively. The full amount has been contributed for 2013, 2012 and 2011.

7. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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.

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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

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 2013, 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 14.0 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 all three plans was 1 percent in 2013.

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-retirement health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$4,932, \$3,034, and \$3,300, respectively; 100 percent has been contributed for 2014, 2013, and 2012.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under the SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

8. 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.

9. CONTRACTUAL OBLIGATIONS

The Health District is a party to a multi-year lease for rental of office space. This lease was renewed in January 2011. This lease requires the District to remit \$2,794 monthly.

10. FUND BALANCE

Fund balance is classified as non-spendable, 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:

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

10. FUND BALANCE (Continued)

	General Fund	WIC Grant	Other Governmental Funds	Total Governmental Funds
Restricted for:				
WIC Administration		\$27,397		\$27,397
Health Grants			\$12,296	12,296
Immunization Action Plan			21,333	21,333
Food Service			27,376	27,376
Sewage Program			29,135	29,135
Swimming Pool			6,469	6,469
Children's Abuse Prevention			4,076	4,076
Solid Waste Management			148	148
Help Me Grow			721	721
Total Restricted		<u>27,397</u>	<u>101,554</u>	<u>128,951</u>
Assigned for:				
Outstanding Encumbrances	\$1,677			1,677
Total Assigned	<u>1,677</u>			<u>1,677</u>
Unassigned	594,242			594,242
Total Fund Balance	<u>\$595,919</u>	<u>\$ 27,397</u>	<u>\$101,554</u>	<u>\$724,870</u>

11. CHANGE IN ACCOUNTING PRINCIPLE

For 2013, the Health District implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Health District's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

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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

Champaign Health District
Champaign County
1512 S. US Highway 68
Suite Q100
Urbana, Ohio 43078

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 Champaign Health District, Champaign County, (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2015 wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

November 10, 2015



Dave Yost • Auditor of State

CHAMPAIGN COUNTY DISTRICT BOARD OF HEALTH

CHAMPAIGN 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
DECEMBER 8, 2015**