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**MADISON COUNTY - LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
Regular Audit
For The Years Ended December 31, 2014 and 2013**

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Dave Yost • Auditor of State

Board of Health
Madison County - London City General Health District
306 Lafayette Street
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of the Madison County - London City General Health District, Madison County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 24, 2015

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 26, 2015

Madison County - London City General Health District
Madison County
306 Lafayette Street
London, Ohio 43140

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Madison County - London City General Health District**, Madison County, (the District) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 opinion.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Madison County - London City General Health District, Madison County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MADISON COUNTY - LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY**

**COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Subdivisions	\$ 595,659	\$ -	\$ 595,659
Licenses, Permits and Fees	49,807	377,784	427,591
Intergovernmental	179,256	302,511	481,767
Reimbursements	-	212	212
Miscellaneous	22,346	31,089	53,435
<i>Total Cash Receipts</i>	<u>847,068</u>	<u>711,596</u>	<u>1,558,664</u>
Cash Disbursements			
Current:			
Health:			
Salaries	209,532	764,119	973,651
Medicare	3,166	10,755	13,921
Workers Comp	2,568	9,419	11,987
PERS	41,231	113,482	154,713
Insurance	49,961	106,919	156,880
State Permits	-	4,784	4,784
Remittance to State	-	7,312	7,312
Supplies	11,673	40,735	52,408
Education Materials	3,951	-	3,951
Equipment	5,483	-	5,483
Contract Services	58,124	-	58,124
Travel	4,618	16,443	21,061
Advertising and Printing	2,423	-	2,423
Utilities	19,873	-	19,873
Miscellaneous	39,337	35,206	74,543
<i>Total Cash Disbursements</i>	<u>451,940</u>	<u>1,109,174</u>	<u>1,561,114</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>395,128</u>	<u>(397,578)</u>	<u>(2,450)</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	330,800	330,800
Transfers Out	(330,800)	-	(330,800)
	-	-	-
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(330,800)</u>	<u>330,800</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	64,328	(66,778)	(2,450)
<i>Fund Cash Balances, January 1</i>	<u>837,301</u>	<u>319,356</u>	<u>1,156,657</u>
Fund Cash Balances, December 31			
Restricted	-	252,578	252,578
Unassigned	901,629	-	901,629
<i>Fund Cash Balances, December 31</i>	<u>\$ 901,629</u>	<u>\$ 252,578</u>	<u>\$ 1,154,207</u>

The accompanying notes to the financial statements are an integral part of this statement.

**MADISON COUNTY - LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY**

**COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Subdivisions	\$ 583,707	\$ -	\$ 583,707
Licenses, Permits and Fees	47,945	383,627	431,572
Intergovernmental	177,766	299,529	477,295
Reimbursements	1,342	20	1,362
Miscellaneous	58,579	37,800	96,379
<i>Total Cash Receipts</i>	<u>869,339</u>	<u>720,976</u>	<u>1,590,315</u>
Cash Disbursements			
Current:			
Health:			
Salaries	181,689	730,068	911,757
Medicare	2,753	10,420	13,173
Workers Comp	2,983	10,835	13,818
PERS	34,142	99,960	134,102
Insurance	40,386	96,890	137,276
State Permits	-	5,796	5,796
Remittance to State	-	7,685	7,685
Supplies	7,087	41,032	48,119
Education Materials	3,401	-	3,401
Equipment	7,662	-	7,662
Contract Services	63,452	-	63,452
Travel	476	19,472	19,948
Advertising and Printing	1,621	-	1,621
Utilities	13,597	-	13,597
Miscellaneous	42,201	104,487	146,688
<i>Total Cash Disbursements</i>	<u>401,450</u>	<u>1,126,645</u>	<u>1,528,095</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>467,889</u>	<u>(405,669)</u>	<u>62,220</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	327,100	327,100
Transfers Out	(327,100)	-	(327,100)
	-	-	-
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(327,100)</u>	<u>327,100</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	140,789	(78,569)	62,220
<i>Fund Cash Balances, January 1</i>	<u>696,512</u>	<u>397,925</u>	<u>1,094,437</u>
Fund Cash Balances, December 31			
Restricted	-	319,356	319,356
Unassigned	837,301	-	837,301
<i>Fund Cash Balances, December 31</i>	<u>\$ 837,301</u>	<u>\$ 319,356</u>	<u>\$ 1,156,657</u>

The accompanying notes to the financial statements are an integral part of this statement.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Madison County – London City General Health District, Madison County, (the District) as a body corporate and politic. A five member Board and a Health Commissioner govern the District. The District was established as a contractual union of the London City Health District and the Madison County Health District. The District operates under Sections 3709.02 and 3709.07, Ohio Revised Code, Ohio Administrative Code and any programs deemed necessary by the District. The District's services include the recording of certificates of vital statistics, immunization clinics, inspections, public health nursing services and health related issues, licenses and permits.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

Public Health Nursing – This fund receives fees for various services, including providing home nursing services to elderly and homebound persons, immunizations to children and adults, physicals and vision screening for children and supplying nursing services to schools.

Women, Infants, and Children (WIC) – This is a federal grant fund which accounts for the money received and disbursed for the Special Supplemental Nutrition Program.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 2.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

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

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 841,300	\$ 847,068	\$ 5,768
Special Revenue	710,676	1,042,396	331,720
Total	\$ 1,551,976	\$ 1,889,464	\$ 337,488

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 874,500	\$ 782,740	\$ 91,760
Special Revenue	1,181,089	1,109,174	71,915
Total	\$ 2,055,589	\$ 1,891,914	\$ 163,675

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 827,356	\$ 869,339	\$ 41,983
Special Revenue	715,754	1,048,076	332,322
Total	\$ 1,543,110	\$ 1,917,415	\$ 374,305

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 841,200	\$ 728,550	\$ 112,650
Special Revenue	1,183,159	1,126,645	56,514
Total	\$ 2,024,359	\$ 1,855,195	\$ 169,164

MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

3. Intergovernmental Funding

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

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$595,659 in 2014 and \$583,707 in 2013. The collections are reflected as subdivisions on the financial statements.

4. Retirement Systems

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2014.

5. Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 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.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

5. Risk Management (Continued)

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	\$34,441,883	\$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 District's share of these unpaid claims collectible in future years is approximately \$4,000

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.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2013</u>
\$6,161	\$6,018

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.

6. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor 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.



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

June 26, 2015

Madison County - London City General Health District
Madison County
306 Lafayette Street
London, Ohio 43140

To the Members of the District:

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 **Madison County – London City General Health District**, Madison County, (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 26, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

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Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of findings to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2014-002.

We also noted a certain matter requiring inclusion in this report that we reported to the District's management in a separate letter dated June 26, 2015.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2014-001

Material Weakness

Posting Receipts

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts were not always posted or classified correctly. The following errors were noted:

- Homestead and Rollback Receipts were incorrectly classified to Subdivisions instead of Intergovernmental in 2014 and 2013
- Dental contract receipts were incorrectly classified as Miscellaneous instead of Intergovernmental in 2013

Not posting receipts accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend the management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

We recommend the Fiscal Officer refer to Ohio Administrative Code for guidance to determine the proper establishment of receipt accounts and posting of receipts.

Officials' Response: Reclassification to Intergovernmental is noted.

FINDING NUMBER 2014-002

Noncompliance/Significant Deficiency

Ohio Revised Code Section 5705.10(D) states, "Except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such a purpose."

The Safe Communities Grant is a reimbursement grant. Reimbursements are approved for disbursements relating to the activity of the grant. The Safe Communities Grant was incorrectly classified as General Fund activity instead of as a separate Special Revenue Fund in 2014 and 2013. The Safe Communities Fund should be established within the Special Revenue Funds to ensure restricted revenue is accounted for properly. The financial statements reflect all adjustments.

We recommend the Fiscal Officer refer to Ohio Revised Code for guidance to determine the proper establishment of receipt accounts and posting receipts.

Official's Response: A Special Revenue account will be set-up with the County Auditor.

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Dave Yost • Auditor of State

MADISON COUNTY-LONDON CITY HEALTH DISTRICT

MADISON 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
SEPTEMBER 8, 2015**