



Dave Yost • Auditor of State

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Henry County – City of Napoleon Combined
General Health District
Henry County
1843 Oakwood Avenue
Napoleon, Ohio 43545-9243

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Henry County – City of Napoleon Combined General Health District, Henry County, Ohio, (the District) as of and for the years ended December 31, 2015 and 2014.

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 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 opinions.

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

As described in Note 1 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 these requirements.

Although the effects on the financial statements 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, 2015 and 2014, 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 the Henry County – City of Napoleon Combined General Health District, Henry County, Ohio as of December 31, 2015 and 2014, 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) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2016, 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

August 26, 2016

**HENRY COUNTY - CITY OF NAPOLEON COMBINED
GENERAL HEALTH DISTRICT
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Taxes	\$653,974		\$653,974
Intergovernmental:	442,001	\$399,035	841,036
Fees	36,528		36,528
Charges for Services	27,085	1,814,520	1,841,605
State Subsidy	7,561		7,561
Personal Health Fees	238,166		238,166
Other Receipts	32,880	91,533	124,413
<i>Total Cash Receipts</i>	<u>1,438,195</u>	<u>2,305,088</u>	<u>3,743,283</u>
Cash Disbursements			
Salaries	744,256	1,305,112	2,049,368
Supplies	177,613	95,599	273,212
Insurance	62,503	124,909	187,412
Equipment	13,255	19,513	32,768
Contract Services	108,201	285,831	394,032
Rentals		22,449	22,449
Travel	36,394	64,301	100,695
Medicare tax	10,961	18,422	29,383
Advertising and printing	5,866	22,974	28,840
Public employee's retirement	89,421	185,640	275,061
Worker's compensation	20,433	14,321	34,754
Settlement Fees	17,417		17,417
Other	68,386	134,301	202,687
<i>Total Cash Disbursements</i>	<u>1,354,706</u>	<u>2,293,372</u>	<u>3,648,078</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>83,489</u>	<u>11,716</u>	<u>95,205</u>
Other Financing Receipts (Disbursements)			
Transfers In	247,699	87,300	334,999
Transfers Out	(87,300)	(247,699)	(334,999)
Advances In	50,000	30,950	80,950
Advances Out	(30,950)	(50,000)	(80,950)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>179,449</u>	<u>(179,449)</u>	
<i>Net Change in Fund Cash Balances</i>	262,938	(167,733)	95,205
<i>Fund Cash Balances, January 1</i>	<u>929,192</u>	<u>2,075,694</u>	<u>3,004,886</u>
Fund Cash Balances, December 31			
Restricted		1,203,757	1,203,757
Committed		704,204	704,204
Assigned	405,324		405,324
Unassigned	786,806		786,806
<i>Fund Cash Balances, December 31</i>	<u>\$1,192,130</u>	<u>\$1,907,961</u>	<u>\$3,100,091</u>

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

**HENRY COUNTY - CITY OF NAPOLEON COMBINED
GENERAL HEALTH DISTRICT
HENRY COUNTY**

**COMBINED STATEMENT 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			
Taxes	\$640,526		\$640,526
Intergovernmental:	434,606	\$520,614	955,220
Fees	35,482		35,482
Charges for Services	19,722	1,701,746	1,721,468
State Subsidy	7,614		7,614
Personal Health Fees	193,736		193,736
Other Receipts	29,386	67,799	97,185
<i>Total Cash Receipts</i>	<u>1,361,072</u>	<u>2,290,159</u>	<u>3,651,231</u>
Cash Disbursements			
Salaries	679,516	1,270,555	1,950,071
Supplies	236,224	102,014	338,238
Insurance	65,307	146,482	211,789
Equipment	41,961	51,239	93,200
Contract Services	93,861	302,827	396,688
Rentals	1,488	12,867	14,355
Travel	28,161	47,583	75,744
Medicare tax	10,034	17,941	27,975
Advertising and printing	5,520	21,445	26,965
Public employee's retirement	93,852	175,612	269,464
Worker's compensation	6,643	12,443	19,086
Settlement Fees	19,167		19,167
Other	67,715	125,711	193,426
<i>Total Cash Disbursements</i>	<u>1,349,449</u>	<u>2,286,719</u>	<u>3,636,168</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,623</u>	<u>3,440</u>	<u>15,063</u>
Other Financing Receipts (Disbursements)			
Transfers In	259,728	274,893	534,621
Transfers Out	(63,553)	(471,068)	(534,621)
Advances In		65,000	65,000
Advances Out	(45,000)	(20,000)	(65,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>151,175</u>	<u>(151,175)</u>	<u></u>
<i>Net Change in Fund Cash Balances</i>	162,798	(147,735)	15,063
<i>Fund Cash Balances, January 1</i>	<u>766,394</u>	<u>2,223,429</u>	<u>2,989,823</u>
Fund Cash Balances, December 31			
Restricted		1,348,539	1,348,539
Committed		727,155	727,155
Assigned	405,324		405,324
Unassigned	523,868		523,868
<i>Fund Cash Balances, December 31</i>	<u>\$929,192</u>	<u>\$2,075,694</u>	<u>\$3,004,886</u>

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

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 Henry County – City of Napoleon Combined General Health District, Henry County, Ohio (the District) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District's core public services include environmental health (food and water safety, inspections, nuisance abatement), communicable disease control, vital records, health promotion and education, emergency preparedness, community health assessment and improvement planning, and community engagement. Additional personal health services include immunizations, reproductive health and wellness, Help Me Grow home visiting, school nursing, home health, and hospice.

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 District 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 Henry 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.

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:

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Home Health Agency Fund - This fund receives insurance reimbursements and fees to provide home nursing services.

Hospice Fund - This fund receives insurance reimbursements and fees for providing hospice services.

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. The County Budget Commission must also approve the annual appropriation measure. 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 2015 and 2014 budgetary activity appears in Note 2.

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.

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

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, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,660,000	\$1,735,894	\$75,894
Special Revenue	2,995,933	2,423,338	(572,595)
Total	\$4,655,933	\$4,159,232	(\$496,701)

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. BUDGETARY ACTIVITY – (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,660,000	\$1,472,956	\$187,044
Special Revenue	2,995,933	2,591,071	404,862
Total	\$4,655,933	\$4,064,027	\$591,906

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,780,023	\$1,620,800	(\$159,223)
Special Revenue	3,391,401	2,630,052	(761,349)
Total	\$5,171,424	\$4,250,852	(\$920,572)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,780,023	\$1,458,002	\$322,021
Special Revenue	3,391,401	2,777,787	613,614
Total	\$5,171,424	\$4,235,789	\$935,635

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 \$653,974 in 2015 and \$640,526 in 2014. The financial statements present these amounts as tax receipts.

4. RETIREMENT SYSTEMS

A. OPERS

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 2015 and 2014, OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. RETIREMENT SYSTEMS – (Continued)

B. Social Security

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System (OPERS) have an option to choose Social Security. As of December 31, 2013, all Board members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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. 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 York. 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, 2015, 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.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. RISK MANAGEMENT – (Continued)

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$9,000.

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>2015</u>
\$11,784	\$14,155

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

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.

**HENRY COUNTY – CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. INTERFUND TRANSFERS

During 2015, the following transfers were made:

Fund Type / Fund	Transfer In	Transfer Out
General Fund	\$247,699	\$87,300
Special Revenue:		
Hospice		247,699
Environmental	87,300	
Total	\$334,999	\$334,999

During 2014, the following transfers were made:

Fund Type / Fund	Transfer In	Transfer Out
General Fund	\$259,728	\$63,553
Special Revenue:		
Hospice		471,068
Environmental	63,553	
Hospice Restricted	211,340	
Total	\$534,621	\$534,621

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) move funds in accordance with the Special Revenue Fund Balance policy established by the District.

THIS PAGE INTENTIONALLY LEFT BLANK.



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

Henry County – City of Napoleon Combined
General Health District
Henry County
1843 Oakwood Avenue
Napoleon, Ohio 43545-9243

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Henry County – City of Napoleon Combined General Health District, Henry County, Ohio (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2016, 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.

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

August 26, 2016



Dave Yost • Auditor of State

HENRY COUNTY / CITY OF NAPOLEON COMBINED GENERAL HEALTH DISTRICT

HENRY 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 13, 2016**