



Dave Yost · Auditor of State

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Combined Allen County General Health District, Allen County, Ohio (the District), as of and for the year ended December 31, 2015, 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.

Combined Allen County General Health District
Allen County
Independent Auditor's Report
Page 2

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 Combined Allen County General Health District, Allen County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General and WIC funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. 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.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 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

September 26, 2016

COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$686,743
Total Net Assets	<u>686,743</u>
 Net Position:	
 Restricted For:	
Other Purposes	99,782
Unrestricted	586,961
Total Net Position	<u>\$686,743</u>

See accompanying notes to the basic financial statements.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Program Cash Receipts</u>				
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental Activities:				
Public Health Services	\$3,569,175	\$1,209,904	\$1,743,519	(\$615,752)
Debt Service:				
Principal	36,192			(36,192)
Interest	35,997			(35,997)
Total Governmental Activities	<u>\$3,641,364</u>	<u>\$1,209,904</u>	<u>\$1,743,519</u>	<u>(687,941)</u>
General Receipts:				
Subdivision Fees				678,217
Miscellaneous				1,195
Total General Receipts				<u>679,412</u>
Change in Net Position				(8,529)
Net Position Beginning of Year				<u>695,272</u>
Net Position End of Year				<u>\$686,743</u>

See accompanying notes to the basic financial statements.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Women Infants and Children	Building Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$515,877	\$4,178	\$71,084	\$95,604	\$686,743
Total Assets	<u>515,877</u>	<u>4,178</u>	<u>71,084</u>	<u>95,604</u>	<u>686,743</u>
Fund Balances:					
Restricted		4,178		95,604	99,782
Committed	40,267				40,267
Assigned	289,333		71,084		360,417
Unassigned	186,277				186,277
Total Fund Balances	<u>\$515,877</u>	<u>\$4,178</u>	<u>\$71,084</u>	<u>\$95,604</u>	<u>\$686,743</u>

See accompanying notes to the basic financial statements.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Women General	Infants and Children	Building Improvement	Other Governmental Funds	Total Governmental Funds
Receipts:					
Subdivision fees	\$678,217				\$678,217
Fees, Licenses & Permits	672,864			\$537,040	1,209,904
Contractual Services	68,943			133,126	202,069
Federal Grants	49,015	\$650,802		598,692	1,298,509
State Grants	133,081			109,860	242,941
Miscellaneous	1,195				1,195
Total Receipts	1,603,315	650,802		1,378,718	3,632,835
Disbursements:					
Current:					
Public Health Services:					
Salaries	698,758	487,032		766,730	1,952,520
Fringe Benefits	149,011	69,576		144,460	363,047
Public Employees' Retirement	92,324	68,184		107,335	267,843
Materials & Supplies	170,174	38,807		83,746	292,727
Remittance to State	157,977			61,661	219,638
Equipment and Vehicles	38,156	684		8,961	47,801
Contracts - Services	106,703	1,945		86,524	195,172
Rentals (Facilities/Lease Agreements)		27,152			27,152
Travel and Training	8,428	2,565		11,932	22,925
Utilities/Building Expenses	29,449	4,460		9,496	43,405
Debt Service:					
Principal	36,192				36,192
Interest	35,997				35,997
Insurance	16,266	979		2,220	19,465
Other	27,789	1,698		87,993	117,480
Total Disbursements	1,567,224	703,082		1,371,058	3,641,364
Excess of Cash Receipts Over (Under) Cash Disbursements	36,091	(52,280)		7,660	(8,529)
Other Financing Sources (Uses):					
Transfers In			\$15,000		15,000
Transfers Out	(15,000)				(15,000)
Advances In	140,510	64,000		112,500	317,010
Advances Out	(176,500)	(12,000)		(128,510)	(317,010)
Total Other Financing Sources (Uses)	(50,990)	52,000	15,000	(16,010)	
Net Change in Fund Balances	(14,899)	(280)	15,000	(8,350)	(8,529)
Fund Balances Beginning of Year	530,776	4,458	56,084	103,954	695,272
Fund Balances End of Year	\$515,877	\$4,178	\$71,084	\$95,604	\$686,743

See accompanying notes to the basic financial statements.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Subdivision Fees	\$678,217	\$678,217	\$678,217	
Tax Levies				
Licenses, Permits, & Fees	590,500	590,500	672,864	\$82,364
Contractual Services	70,700	70,700	68,943	(1,757)
State Grants	146,000	146,000	133,081	(12,919)
Federal Grants			49,015	49,015
Reimbursements	1,127,887	1,143,887		(1,143,887)
Miscellaneous	5,000	5,000	1,195	(3,805)
Total Receipts	2,618,304	2,634,304	1,603,315	(1,030,989)
Disbursements:				
Current:				
Public Health Services				
Salaries	1,534,220	1,460,220	661,459	798,761
Fringe Benefits	426,594	366,594	148,471	218,123
Public Employees' Retirement	195,238	211,238	92,324	118,914
Materials & Supplies	195,100	195,100	170,173	24,927
Remittance to State	156,000	158,000	157,977	23
Equipment and Vehicles	60,000	60,000	38,156	21,844
Contracts - Services	96,560	134,560	106,703	27,857
Travel and Training	8,000	10,000	8,428	1,572
Repairs - Vehicles	5,500	5,500	2,044	3,456
Advertising and Printing	2,500	2,500	1,236	1,264
Utilities and Bdlg Repairs	57,400	55,400	29,449	25,951
Insurance	20,000	20,000	16,266	3,734
Other	40,000	35,000	24,509	10,491
Debt Service:				
Principal	37,468	36,192	36,192	
Interest	34,721	36,000	35,997	3
Total Disbursements	2,869,301	2,786,304	1,529,385	1,256,920
Excess of Receipts Over (Under) Disbursements	(250,997)	(152,000)	73,930	225,930
Other Financing Sources (Uses):				
Transfers Out	(30,000)	(55,000)	(45,000)	
Advances In	140,510	140,510	140,510	
Advances Out	(140,510)	(214,510)	(176,500)	(38,010)
Total Other Financing Sources (Uses)	(30,000)	(129,000)	(80,990)	48,010
Net Change in Fund Balances	(280,997)	(281,000)	(7,060)	273,940
Fund Balances Beginning of Year	482,670	482,670	482,670	
Fund Balances End of Year	\$201,673	\$201,670	\$475,610	\$273,940

See accompanying notes to the basic financial statements.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMENS, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Federal Grants	\$708,647	\$708,647	\$650,802	(\$57,845)
Total Receipts	<u>708,647</u>	<u>708,647</u>	<u>650,802</u>	<u>(57,845)</u>
 Disbursements:				
Current:				
Public Health Services:				
Salaries	490,000	490,000	487,032	2,968
Fringe Benefits	69,600	69,600	69,576	24
Public Employees' Retirement	87,214	71,214	68,184	3,030
Materials & Supplies	22,922	38,922	38,807	115
Equipment and Vehicles	700	700	684	16
Contracts - Services	2,750	2,750	1,945	805
Rentals (Facilities/Lease Agreements)	27,428	27,428	27,152	276
Travel and Training	3,400	3,400	2,565	835
Utilities	5,000	5,000	4,460	540
Insurance	1,500	1,500	979	521
Other	2,133	2,133	1,698	435
Total Disbursements	<u>712,647</u>	<u>712,647</u>	<u>703,083</u>	<u>9,565</u>
Excess of Receipts (Under) Disbursements	(4,000)	(4,000)	(52,281)	(48,281)
 Other Financing Sources (Uses):				
Advances In	12,000	12,000	64,000	52,000
Advances Out	(12,000)	(12,000)	(12,000)	(12,000)
Total Other Financing Sources (Uses)	<u>12,000</u>	<u>(12,000)</u>	<u>52,000</u>	<u>52,000</u>
Net Change in Fund Balances	(4,000)	(4,000)	(281)	3,719
Fund Balances Beginning of Year	4,458	4,458	4,458	
Fund Balances End of Year	<u>\$458</u>	<u>\$458</u>	<u>\$4,178</u>	<u>\$3,719</u>

See accompanying notes to the basic financial statements.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. DESCRIPTION OF THE COMBINED HEALTH DISTRICT AND REPORTING ENTITY

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

Reporting Entity

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

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

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

Building Improvement Fund – This fund accounts for a reserve for major building improvements or repairs. This fund was originally established for the proceeds and expenditures related to the building improvement loan with First National Bank of New Breman. The proceeds from the loan have been fully expensed and currently the balance of the funds includes transfers from the General Fund with the sole purpose of major improvements or repairs to our building located at 219 E Market St., Lima OH.

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

2. Measurement Focus

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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting

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

C. Cash

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

D. Capital Assets

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

E. Long-term Debt Obligations

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

F. Net Position

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

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

G. Budgetary Process

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

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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

H. Accumulated Leave

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

I. Inter-fund Transactions

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

J. Fund Balance

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

1. Non-spendable

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

2. 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.

3. Committed

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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assigned

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

5. Unassigned

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

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

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 Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and the Women Infants and Children Fund are 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 cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis).

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

General Fund Cash Accounting Basis	\$515,877
Perspective Differences:	
Net activity of funds reclassified 2015 Severance fund balance	<u>(40,267)</u>
Budget Basis	<u>\$475,610</u>

There is no difference between the budgetary basis and the cash basis for the WIC fund.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

4. INTERGOVERNMENTAL FUNDING

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

5. CASH AND CASH EQUIVALENTS

The Allen County Commissioners maintain a cash pool used by all of the County's funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the District's deposits with the Allen County Commissioner was \$686,743. The Allen County Board of Commissioners, as the fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposits accounts.

6. INTERFUND BALANCES

Inter-fund balances at December 31, 2015, consisted of the following individual fund receivables and payables:

	Inter-fund Receivable	Inter-fund Payable
General Fund	\$176,500	
CFHS-OIMRI		\$20,000
Women's Preventive Health		6,500
STIR Grant		
Creating healthy Communities	10,000	
WIC		64,000
Family Planning	10,000	
IAP		3,000
PHEP	15,000	
Dis/Std Prevention		30,000
HIV/AIDS Fund		18,000
Total Interfund Receivables/Payables	<u>\$176,500</u>	<u>\$176,500</u>

Inter-fund balances at December 31, 2015, consisted of \$176,500 advanced from the General fund to other governmental funds to provide working capital for operations. The Inter-fund receivables/payables are expected to be repaid within one year.

7. 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.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

7. RISK MANAGEMENT (Continued)

A. 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.

B. 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 (the latest information available):

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

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 Government's share of these unpaid claims collectible in future years is approximately \$3,000.

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.

Contributions to PEP		
	2014	2015
	\$5,835	\$5,402

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.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

8. DEFINED BENEFIT PENSION PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan.

The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

8. DEFINED BENEFIT PENSION PLANS (Continued)

Law Enforcement

Age and Service Requirements:

Age 52 with 15 years of service credit

Public Safety and Law Enforcement

Formula:

2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Law Enforcement

Age and Service Requirements:

Age 48 with 25 years of service credit or Age 52 with 15 years of service credit

Public Safety and Law Enforcement

Formula:

2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Law Enforcement

Age and Service Requirements:

Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

Public Safety and Law Enforcement

Formula:

2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	<hr/> <hr/> 14.0 %
 Employee	
	<hr/> <hr/> 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$267,610 for year 2015.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

C. Information from employer's records

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$38,215, \$38,429, and \$19,912 respectively; 100 percent has been contributed for all years.

D. OPERS Board of Trustees Adopt Changes to the Health Care Plan

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 recent passage of pension legislation under SB 343 and approved health care changes, OPERS expects to be able to consistently allocated 4 percent of the employer contributions toward the health care fund after the end of the transition period.

10. DEBT

Loan	Interest Rate	Balance January 1, 2015	Principal Paid	Balance December 31, 2015	Amount due in one year
Building	4.67%	\$ 676,686	(\$30,562)	\$ 646,124	\$ 27,740
Improvements	6.50%	53,301	(5,630)	47,671	6,962
Total		\$729,987	(\$36,192)	\$693,795	\$34,702

The District secured a mortgage loan from the Union Bank Company in the amount of \$800,000, bearing interest at 4.67% to complete the purchase and renovation of its office building. The District principal and interest payments are due monthly with final payment due July 18, 2030. The loan is collateralized by the property located at 219 E. Market Street, Lima, Ohio.

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

Amortization Schedule

Year	Building Principal and Interest	Improvement Principal and Interest	Total
2016	\$61,966	\$10,223	\$72,189
2017	61,966	10,223	72,189
2018	61,966	10,223	72,189
2019	61,966	10,223	72,189
2020	61,966	10,223	72,189
2021-2025	309,830	5,964	315,794
2026-2030	281.239		281,239
Totals	\$900,899	\$57,079	\$957,978

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

11. FUND BALANCES

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

Fund Balances	General Fund	WIC Fund	Building Fund	Governmental Funds	Other	
						Total
Restricted for:						
WIC		\$4,178				\$4,178
Food Service					\$3,618	3,618
Solid Waste					9,628	9,628
Trailer Parks					3,082	3,082
Water Fund					8,801	8,801
Creating Healthy Communities					19,435	19,435
Family Planning					5,079	5,079
Pools					636	636
Immunization					7,100	7,100
DIS/STD Prevention					9,983	9,983
Public Health Infrastructure					805	805
Women's Prev. Health					Community Care Coordination	10,246
Construction and Demo Debris					14,290	14,290
Sewage					HIV/Aids Grant	2,901
Ground Water					Total Restricted	2,901
HIV/Aids Grant					4,178	95,604
Total Restricted					95,604	99,782
Committed for:						
Sick & Vacation Leave Payout	\$40,267					40,267
Total Committed	40,267					40,267
Assigned	289,333		71,084			360,417
Unassigned – Subsequent Year Budget Deficit	186,277					186,277
Total Fund Balances	<u>\$515,877</u>	<u>\$4,178</u>	<u>\$71,084</u>		<u>\$95,604</u>	<u>\$686,743</u>

12. CONTINGENCIES

A. Litigation

The District is not a party to litigation.

B. Grants

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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

13. LEASES

A. Office Space

During 2010, the District entered into an agreement for the rental of space for the WIC Division. The lease was effective October 1, 2010 and originally terminated September 30, 2011, was extended until September 30, 2016. The lease amount is \$2,300 per month. Total payments required to fulfill this lease as of December 31, 2015 are \$20,700

B. Office Equipment

The District entered into two lease agreements with US Bank for the lease of copiers. Copier 1, listed below, was upgraded during 2014. The District leases the equipment under non-cancellable leases. The leases are for a total cost of \$8,303 and \$7,138 respectively. Final lease payments are due in 2019 and 2018 respectively. The District also entered into two lease agreements with Mail Finance for the lease of postage meter equipment. The District leases the equipment under non-cancellable leases. The leases are for a total cost of \$5,880 and \$10,740 respectively. Final lease payments are due in 2018.

Future lease payments for the above leases are as follows:

Year	Copier 1 Amount Due	Copier 2 Amount Due	Postage Meter 1 Amount Due	Postage Meter 2 Amount Due
2016	1,661	1,428	1,176	2,148
2017	1,661	1,428	1,176	2,148
2018	1,661	595	490	2,148
2019	1,245			
Total	\$6,228	\$3,451	\$2,842	\$6,444

14. TRANSFERS

The District transferred \$15,000 to the Building Improvement Fund for future major improvements or repairs to the District building.

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**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass Through Grantor Program	Federal CFDA Number	Pass Through Entity Number	Pass Through to Sub-Recipient	Total Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WA-08-15 WA-09-16		\$547,055 156,028
Total Special Supplemental Nutrition Program for Women, Infants, and Children				<u>703,083</u>
Total U.S. Department of Agriculture				703,083
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Health:				
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	BC-08-15 BC-09-16		68,867 30,359
Total Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs				<u>99,226</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PH-06-15 PH-07-16		60,180 43,965
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				<u>104,145</u>
Preventive Health and Health Services Block Grant	93.991	CC-05-14		1,382
Preventive Health and Health Services Block Grant funded solely with PPHF Funds	93.758	CC-06-15		117,244
Total Preventive and Health Services Block Grants				<u>118,626</u>
Family Planning Services	93.217	RH-04-15 RH-05-16		3,184 65,433
Total Family Planning Services				<u>68,617</u>
Maternal and Child Health Services Block Grant to the States	93.994	MC-08-15 MC-09-16		108,385 36,485
Total Maternal and Child Health Services Block Grant to the States				<u>144,870</u>
Immunization Cooperative Agreements	93.268	IM-08-15 IM-09-16		626 19,360
Total Immunization Cooperative Agreements				<u>19,986</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by the Prevention and Public Health Fund (PPHF)	93.539	TS-01-14		<u>5,430</u>
Total U.S. Department of Health and Human Services				<u>560,900</u>
Total Expenditures of Federal Awards			<u>\$0</u>	<u>\$1,263,983</u>

The accompanying notes are an integral part of this schedule.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

Direct costs are those made for the benefit of one federal program and are allocable to that program. The District recognizes direct costs as disbursements in the Schedule. Indirect costs benefit more than one federal program and are not directly allocable to the programs receiving the benefits. The District would recover these costs from the federal government by a) applying federally approved indirect cost rates; b) by allocating the indirect costs among benefiting programs in accordance with federally approved plans; or c) by electing the 10 percent de minimis rate. Indirect costs would be recognized as disbursements in the Schedule. For fiscal year 2015, all disbursements in the Schedule are direct costs. The District has not made an election whether or not to use the 10 percent de minimis rate.

NOTE B – COMMINGLING

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule. All federal funds are maintained and monitored in separate funds and there is no commingling of funds.

NOTE C - MEDICAID ADMINISTRATIVE CLAIMING ADJUSTMENTS

During the calendar year, the Health District received a deferred payment from the Ohio Department of Health (ODH) for the Medicaid program (CFDA # 93.778) in the amount of \$49,015. The deferred payment was for Medicaid Administrative Claiming (MAC) expenses the Health District incurred in prior reporting periods due to federal funding received by ODH to reimburse these expenses and also due to changes in the health district's Medicaid Eligibility Rate (MER) for certain activity codes within MAC. This revenue is not listed on the Health District's Schedule of Federal Awards since the underlying expenses are on a cost reimbursement basis and occurred in prior reporting periods.



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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Combined Allen County General Health District, Allen County, (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 26, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Combined Allen County General Health District
Allen County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State
Columbus, Ohio

September 26, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Members of the Board:

Report on Compliance for the Major Federal Program

We have audited the Combined Allen County General Health District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Combined Allen County General Health District's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Combined Allen County General Health District
Allen County
Independent Auditor's Report on Compliance with
Requirements Applicable to the Major Federal Program and on
Internal Control over Compliance Required by the Uniform Guidance
Page 2

Opinion on the Major Federal Program

In our opinion, the Combined Allen County General Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 26, 2016

COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

Finding Number 2015-001

Material Weakness – Financial Reporting

Procedures and controls should be in place to help ensure that the financial statements conform to governmental reporting requirements. The District failed to identify the Building Improvement Fund as a major fund. As a result, the beginning balance of \$56,084, transfers-in of \$15,000, cash and cash equivalents of \$71,084, and the ending fund balance of \$71,084 were incorrectly classified as part of the Other Governmental Funds.

Other errors identified included the following:

- Unrestricted net position was understated and net position restricted for other purposes was overstated by \$111,352 on the Statement of Net Position as a result of classifying part of the General Fund balance and the balance of the Building Improvement Fund, the balance of which is from transfers, as restricted for other purposes;
- The Statement of Cash Basis Assets and Fund Balances reported Equity in Pooled Cash and Cash Equivalents in the General Fund at \$40,267 less than the fund balance. In addition, the balance reported as Equity in Pooled Cash and Cash Equivalents in the Other Governmental Funds was \$40,267 greater than the fund balance;
- Debt service principal was overstated and debt service interest was understated by \$1,471 on the Statement of Activities;
- Debt service interest was overstated and debt service principal was understated by \$1,276 on the Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances;
- Transfers in the amount of \$30,000 between the General Fund and Severance Fund were not eliminated when the Severance Fund was rolled into the General Fund as required by GASB 54;
- Appropriations in excess of estimated receipts in 2016 for the General Fund was not classified as assigned fund balance at December 31, 2015, in the amount of \$289,333;
- The original and final budget columns of the Statement of Receipts, Disbursements, and Changes in Cash Fund Balance – Budget and Actual – Budget Basis for the General Fund had errors as a result of including budgeted payroll amounts from the Women, Infants, and Children Fund and overstating some receipt line items;
- The Statement of Net Position and the Statement of Activities used the term Net Assets instead of Net Position;
- The Notes to the Basic Financial Statements had a carrying amount error in the Cash and Cash Equivalents disclosure and an opening balance error in the Debt disclosure.

Financial reporting errors may impact the user's understanding of the financial operations, the District's ability to make sound financial decisions, may result in materially misstated financial statements.

The accompanying financial statements along with the notes to the basic financial statements have been adjusted to correct these errors.

Prior to filing the annual financial statements, a review should be performed to identify errors. Also resources such as those found on the Auditor of State website at <http://www.ohioauditor.gov/references.html> and other governmental accounting resources should be utilized when preparing the financial statements.

OFFICIALS' RESPONSE: A process will be put in place to review our annual financial statements prior to filing them in order to identify any potential errors. In addition, Our Director of Finance will attend a Hinkle System (Notes) training in October 2016.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT
ALLEN COUNTY**

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2015

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	<p>The Director of Finance will attend a Hinkle System (Notes) training</p> <p>A process will be put in place to review our annual financial statements prior to filing them in order to identify any potential errors.</p>	<p>October 2016</p> <p>February 2017</p>	<p>Sally Dray, Director of Finance and Human Resources</p> <p>Sally Dray, Director of Finance and Human Resources, and Kathy Luhn, Health Commissioner</p>



Dave Yost • Auditor of State

COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT

ALLEN COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 10, 2016