



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

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**



**Dave Yost • Auditor of State**



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Combined Allen County General Health District  
Allen County  
219 E. Market Street  
P.O. Box 1503  
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 Health District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the 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 Health District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Health District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Combined Allen County General Health District, Allen County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Women, Infants and Children (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 November 27, 2017, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 27, 2017

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

**Statement of Net Position - Cash Basis  
December 31, 2016**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$745,047
	<hr/>
Total Assets	<u>\$745,047</u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	118,278
Unrestricted	626,769
	<hr/>
Total Net Position	<u>\$745,047</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, 2016**

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
			Governmental Activities
<b>Governmental Activities</b>			
Current:			
Public Health Services	\$3,708,257	\$1,684,686	\$1,472,530
Debt Service:			
Principal Retirement	84,684		(84,684)
Interest and Fiscal Charges	31,051		(31,051)
<b>Total Governmental Activities</b>	<u>\$3,823,992</u>	<u>\$1,684,686</u>	<u>\$1,472,530</u>
General Receipts:			
Subdivision Fees			\$678,217
Proceeds From Loan			44,300
Miscellaneous			2,563
<i>Total General Receipts</i>			<u>\$725,080</u>
Change in Net Position			\$58,304
Net Position Beginning of Year			<u>\$686,743</u>
Net Position End of Year			<u>\$745,047</u>

See accompanying notes to the basic financial statements



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

**Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2016**

	General	Women Infants and Children	Building Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$562,135	\$14,149	\$64,634	\$104,129	\$745,047
<i>Total Assets</i>	<u>\$562,135</u>	<u>\$14,149</u>	<u>\$64,634</u>	<u>\$104,129</u>	<u>\$745,047</u>
<b>Fund Balances</b>					
Restricted		\$14,149		\$104,129	\$118,278
Committed	45,580				45,580
Assigned	334,750		64,634		399,384
Unassigned	181,805				181,805
<b>Total Fund Balances</b>	<u>\$562,135</u>	<u>\$14,149</u>	<u>\$64,634</u>	<u>\$104,129</u>	<u>\$745,047</u>

See accompanying notes to the basic financial statements

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

**Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2016**

	General	Women and Infant Children	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Subdivision Fees	\$678,217				\$678,217
Fees, Licenses and Permits	906,492			\$530,468	1,436,960
Contractual Services	80,504			167,222	247,726
Federal Grants	973	\$706,332		523,590	1,230,895
State Grants	211,037			30,598	241,635
Miscellaneous	2,563				2,563
<i>Total Receipts</i>	<u>1,879,786</u>	<u>706,332</u>		<u>1,251,878</u>	<u>3,837,996</u>
<b>Disbursements</b>					
Current:					
Health:					
Salary	731,823	477,241		753,705	1,962,769
Benefits	259,475	147,806		277,582	684,863
Materials and Supplies	331,742	32,614		137,197	501,553
Services and Charges	353,523	39,349	21,450	92,714	507,036
Equipment	43,029	351		8,656	52,036
Debt Service:					
Principal Retirement	84,684				84,684
Interest and Fiscal Charges	31,051				31,051
<i>Total Disbursements</i>	<u>1,835,327</u>	<u>697,361</u>	<u>21,450</u>	<u>1,269,854</u>	<u>3,823,992</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>44,459</u>	<u>8,971</u>	<u>(21,450)</u>	<u>(17,976)</u>	<u>14,004</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of Debt	44,300				44,300
Transfers In			15,000		15,000
Transfers Out	(15,000)				(15,000)
Advances In	176,500	65,000		139,000	380,500
Advances Out	(204,000)	(64,000)		(112,500)	(380,500)
<i>Total Other Financing Sources (Uses)</i>	<u>1,800</u>	<u>1,000</u>	<u>15,000</u>	<u>26,500</u>	<u>44,300</u>
<i>Net Change in Fund Balances</i>	46,259	9,971	(6,450)	8,524	58,304
<i>Fund Balances Beginning of Year</i>	<u>515,876</u>	<u>4,178</u>	<u>71,084</u>	<u>95,605</u>	<u>686,743</u>
<i>Fund Balances End of Year</i>	<u>\$562,135</u>	<u>\$14,149</u>	<u>\$64,634</u>	<u>\$104,129</u>	<u>\$745,047</u>

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Subdivision Fees	\$678,217	\$678,217	\$678,217	\$0
Fees, Licenses and Permits	637,000	637,000	906,492	269,492
Contractual Services			80,504	80,504
Federal Grants			973	973
State Grants			211,037	211,037
Reimbursements	1,127,528	1,145,528		(1,145,528)
Miscellaneous	161,000	161,000	2,563	(158,437)
<i>Total Receipts</i>	<u>2,603,745</u>	<u>2,621,745</u>	<u>1,879,786</u>	<u>(741,959)</u>
<b>Disbursements</b>				
Current:				
Health:				
Salary	1,562,224	1,463,224	722,274	740,950
Benefits	619,367	557,367	259,335	298,032
Materials and Supplies	404,800	570,300	332,613	237,687
Services and Charges	179,360	190,860	355,943	(165,083)
Equipment	35,135	57,635	39,740	17,895
Debt Service:				
Principal Retirement	40,000	85,300	84,684	616
Interest and Fiscal Charges	32,192	34,192	31,051	3,141
<i>Total Disbursements</i>	<u>2,873,078</u>	<u>2,958,878</u>	<u>1,825,640</u>	<u>1,133,238</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(269,333)</u>	<u>(337,133)</u>	<u>54,146</u>	<u>391,279</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(30,000)	(30,000)	(30,000)	
Advances In	177,500	177,500	176,500	(1,000)
Advances Out	(177,500)	(204,000)	(204,000)	
Proceeds of Debt		44,300	44,300	
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>(12,200)</u>	<u>(13,200)</u>	<u>(1,000)</u>
<i>Net Change in Fund Balance</i>	(299,333)	(349,333)	40,946	390,279
Fund Balance Beginning of Year	<u>475,609</u>	<u>475,609</u>	<u>475,609</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$176,276</u>	<u>\$126,276</u>	<u>\$516,555</u>	<u>\$390,279</u>

See accompanying notes to the basic financial statements

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

**Statement of Receipts, Disbursements and Changes  
Fund Balance - Budget and Actual - Budget Basis  
Women, Infants and Children Fund  
For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Federal Grants	\$721,545	\$721,545	\$706,332	(\$15,213)
<i>Total Receipts</i>	<u>721,545</u>	<u>721,545</u>	<u>706,332</u>	<u>(15,213)</u>
<b>Disbursements</b>				
Current:				
Health:				
Salary	502,345	501,345	477,241	24,104
Benefits	165,000	148,000	147,806	194
Materials and Supplies	48,600	65,000	32,614	32,386
Services and Charges	8,000	9,600	39,349	(29,749)
Equipment			351	(351)
<i>Total Disbursements</i>	<u>723,945</u>	<u>723,945</u>	<u>697,361</u>	<u>26,584</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,400)</u>	<u>(2,400)</u>	<u>8,971</u>	<u>11,371</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	64,000	64,000	65,000	1,000
Advances Out	(64,000)	(64,000)	(64,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>          </u>	<u>          </u>	<u>1,000</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	<u>(2,400)</u>	<u>(2,400)</u>	<u>9,971</u>	<u>12,371</u>
Fund Balance Beginning of Year	<u>4,178</u>	<u>4,178</u>	<u>4,178</u>	
<i>Fund Balance End of Year</i>	<u><u>\$1,778</u></u>	<u><u>\$1,778</u></u>	<u><u>\$14,149</u></u>	<u><u>\$12,371</u></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, 2016**

**Note 1 - DESCRIPTION OF THE REPORTING ENTITY**

The Combined Allen County General Health District (the Health District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A seven member Board of Health appointed by the Health District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

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

**Primary Government**

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

**Public Entity Risk Pools**

The Health District participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

The Health District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

The statement of net position presents the cash balance of the governmental and business-type activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

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

**Fund Accounting**

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

**Governmental Funds** - Governmental funds are those through which all governmental functions of the Health District typically are financed. The following are the Health 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 Health 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 Special Supplemental Nutrition Program for Women, Infants, and Children. 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 Health District account for grants and other resources whose use is restricted to a particular purpose.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Basis of Accounting**

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

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

**Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Health District may appropriate. The appropriations resolution is the Health District's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the Fund and object level for all funds.

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Cash and Investments**

The Allen County Treasurer is the custodian for the Health District's cash and investments. Allen County's cash and investment pool holds the Health District's cash and investments, which are reported at the Allen County Treasurer's carrying amount. Deposits and investments disclosures for Allen County as a whole may be obtained from Allen County. The Allen County Treasurer is Rachael Gilroy, 301 N Main St. Suite 203, Lima. OH, 45801, phone 419-223-8515.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The cash balances in the Health District's special revenue funds are restricted in use.

**Inventory and Prepaid Items**

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

Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

**Capital Assets**

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

**Interfund Receivables/Payables**

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

**Accumulated Leave**

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

**Employer Contributions to Cost-Sharing Pension Plans**

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Long-Term Obligations**

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

**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. Net position restricted for other purposes include resources restricted for Supplemental nutrition for Women, Infants, and Children, Environmental Health, Family Planning, Nursing, and Immunizations.

The Health 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.

**Fund Balance**

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

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

**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

**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.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Health District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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The Health District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Internal Activity**

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

**NOTE 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – 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 as follows: The Salary Reserve fund is included in the general fund (cash basis), but has a separate legally adopted budget (budget 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	\$562,135
Perspective Differences:	
Net activity of funds reclassified	
2016 Salary Reserve fund balance	<u>(45,580)</u>
Budget Basis	<u>\$516,555</u>

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

**Note 4 - Deposits and Investments**

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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 5 – 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 Health District. The financial statements present these amounts as subdivision fees revenue.

**Note 6 – Interfund Balances and Transfers**

**Transfers**

During 2016, the following transfers were made:

<b>Transfer to</b>	Transfer from General
Building Fund	\$15,000

The above mentioned Transfer From/To were to use unrestricted receipts collected in the General Fund to finance Building Fund activities in accordance with budgetary authorizations.

**Inter-fund Balances**

Inter-fund balances at December 31, 2016, consisted of the following individual fund receivables and payables:

	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General Fund	\$204,000	\$ -0-
Creating Healthy Communities	-0-	20,000
Reproductive Health and Wellness	-0-	20,000
IAP	-0-	9,000
WIC	-0-	65,000
PHEP	-0-	9,000
DIS/STD Prevention	-0-	23,000
HIV/AIDS Prevention	-0-	21,000
OIMRI	-0-	24,000
Maternal Child Health	-0-	13,000
Total Inter-fund Receivables/Payables	<b>\$204,000</b>	<b>\$ 204,000</b>

Inter-fund balances at December 31, 2016, consisted of \$204,000 advanced from the General fund to the Women, Infants and Children fund and other governmental funds to provide working capital for operations. The Inter-fund receivables/payables are expected to be repaid within one year.

**Note 7 - Risk Management**

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

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York 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

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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, 2016, 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, 2016:

	<u>2016</u>
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	<u>\$28,785,581</u>

At December 31, 2016, respectively, the liabilities above include approximately 12 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Health District's share of these unpaid claims collectible in future years is approximately \$4,000.

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

<u>Contributions to PEP</u>	
<u>2015</u>	<u>2016</u>
\$5,402	\$5,584

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.

The Health District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Health District contracted with several companies for various types of insurance as follows:

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
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<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Grange Insurance Company		
Blanket Contents, Breakdown, Replacement	\$ 777,600	1,000
Building Coverage	1,479,000	1,000
Spoilage Coverage	20,000	500
Building, Earthquake	1,479,000	10%
Contents, Earthquake	812,000	10%
Employee Theft	10,000	250
Other Theft	20,000	250
Automobile Liability	1,000,000 Per Accident	250

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

During 2016 the Health District offered health insurance to employees working on average 30 hours or more during the look back period, October 1, 2014 to September 30, 2015. Health insurance offered by the Health District is through the Health District's County Commissioners, contracting with County Employee Benefit Consortium of Ohio (CEBCO). The Health District pays 88% of monthly premiums for employees working 37.50 hours per week and, 78% of the monthly premiums for employees that average 30 or more hours per week, but under 37.50 hours.

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation. This coverage is obtained through the Allen County Commissioners.

**Note 8 - Defined Benefit Pension Plans**

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description - Health 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. Health 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.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 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.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
	14.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The Health District's contractually required contribution was \$272,881.65 for year 2016.

***Social Security***

Five members of the Health District's Board of Health participated and contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Health District contributed an amount equal to 6.2 percent of participants' gross salaries. The Health District has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description - The 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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded 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.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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. See OPERS' CAFR referenced below for additional information.

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.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment 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 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Health District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$38,968, \$38,215, and \$38,429, respectively. The full amount has been contributed for all three years.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**Note 10 – Debt**

**Loans**

Loan	Interest Rate	Outstanding 12/31/2015	Additions	Retired	Outstanding 12/31/2016	Due Within One Year
Building	4.67%	\$646,124	-\$0-	\$(33,806)	\$612,318	\$33,406
2011 Improvements	6.50%	47,671	-0-	(47,671)	-0-	-0-
2016 Improvements	5.50%	-0-	44,300	( 3,207)	41,093	8,100
Total		\$693,795	44,300	(84,684)	\$653,411	\$41,506

The Health 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 Health 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 Health District entered into a loan agreement with the First National Bank in New Bremen 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. This loan although amortized through July 29, 2021, required a balloon payment after 5 years on July 29, 2016. The balloon payment was paid with the proceeds of a new loan secured by the Health District with First National Bank with a principal amount of the loan \$44,300 bearing an interest rate of 5.50%. The loan is collateralized by the full faith and credit of the Health District.

**Amortization Schedule**

	Building	2016 Improvement	
Year	Principal and Interest	Principal and Interest	Total
2017	61,966	10,156	72,122
2018	61,966	10,156	72,122
2019	61,966	10,156	72,122
2020	61,966	10,156	72,122
2021	61,966	5,924	67,890
2022-2026	309,830	-0-	309,830
2027-2030	219,273	-0-	219,273
Totals	\$ 838,933	\$ 46,548	\$ 885,481

**Leases**

**Office Space**

During 2016, the Health District entered into two agreements for the rental of space for the WIC Division. Both leases were effective August 1, 2016 and terminating September 30, 2017, both with option to extend each lease for (6) consecutive (1) years. The total lease amount is \$2,346 per month. Total payments required to fulfill this lease as of December 31, 2016 are \$21,114

**Office Equipment**

The Health District has entered into three lease agreements two with US Bank, and one with Konica, for the lease of copiers. Copier 1, listed below, was upgraded during 2014, for 60 months. Copier 3 below was a new lease in 2016 for 36 months. The Health District leases the equipment under non-cancellable leases. The leases are for a total cost of \$8,303, \$7,138 and \$11,251 respectively. Final lease payments are due in 2019, 2018 and 2018 respectively.

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

The Health District also entered into two lease agreements with Mail Finance for the lease of postage meter equipment. The Health District leases the equipment under non-cancellable leases. The leases are for a total cost of \$5,880 and \$10,740 respectively, and 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	Copier 3 Amount Due	Postage Meter 1 Amount Due	Postage Meter 2 Amount Due
2017	1,661	1,428	3,750	1,176	2,148
2018	1,661	595	3,750	490	2,148
2019	1,245	-0-	-0-	-0-	-0-
Total	<u>\$ 4,567</u>	<u>\$ 2,023</u>	<u>\$7,500</u>	<u>\$ 1,666</u>	<u>\$ 4,296</u>

**Note 11 – Fund Balances**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the 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	Other Governmental Funds	Total
Restricted for:					
WIC		\$14,149			\$14,149
Food Service				\$11,356	\$11,356
OIMRI				9,281	9,281
Campgrounds				7,275	7,275
Water Fund				3,320	3,320
Creating Healthy Communities				7,923	7,923
Family Planning				1,212	1,212
Pools				13,261	13,261
Immunization				7,354	7,354
DIS/STD Prevention				3,577	3,577
Public Health Infrastructure				567	567
Maternal Child Health				11,956	11,956
Community Health Assessment				1,250	1,250
Ebola				0	0
Sewage				20,774	20,774
Ground Water				0	0
HIV/Aids Grant				5,023	5,023
Total Restricted		<u>14,149</u>		<u>104,129</u>	<u>118,278</u>
Committed for:					
Sick & Vacation Leave Payout	\$45,580				45,580
Total Committed	<u>45,580</u>				<u>45,580</u>
Assigned – Subsequent Year Budget Deficit	334,750		<u>64,634</u>		<u>399,384</u>
Unassigned	<u>181,805</u>				<u>181,805</u>
Total Fund Balances	<u>\$562,135</u>	<u>\$14,149</u>	<u>\$ 64,634</u>	<u>\$ 104,129</u>	<u>\$ 745,047</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**12. CONTINGENCIES**

**A. Litigation**

The Health 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.

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**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal Grantor Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed Through Ohio Department of Health:</b>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WA-10-17	\$ -	\$ 149,460
		WA-09-16	-	547,901
Total Special Supplemental Nutrition Program for Women, Infants, and Children				<u>697,361</u>
Total U.S. Department of Agriculture				<u>697,361</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Passed Through Ohio Department of Health:</b>				
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	BC-09-16	-	63,634
Total Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs				<u>63,634</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PH-08-17	-	52,324
		PH-07-16	-	53,408
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				<u>105,732</u>
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF) Creating Healthy Communities	93.758	CC-07-16	-	92,365
		CC-06-15	-	1,212
Total Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)				<u>93,577</u>
Family Planning Services				
Reproductive Health and Wellness	93.217	RH-05-16	-	9,435
		RH-06-17	-	30,043
Total Family Planning Services				<u>39,478</u>
Maternal and Child Health Services Block Grant to the States				
Child and Family Health Services Grant	93.994	MC-09-16	-	157,105
Reproductive Health and Wellness		RH-06-17	-	16,065
Ohio Infant Mortality Reduction Initiative		OM-01-17	-	35,167
Community Health Assessment		MC29357-01-03	-	15,000
Maternal Child Health		MP-01-17	-	-
Total Maternal and Child Health Services Block Grant to the States				<u>223,337</u>
Immunization Cooperative Agreements	93.268	IM-09-16	-	29,927
Total Immunization Cooperative Agreements				<u>29,927</u>
Total U.S. Department of Health and Human Services				<u>555,685</u>
Total Expenditures of Federal Awards				<u>\$ 1,253,046</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, 2016**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the Combined Allen County General Health District (the Health District's) federal award programs for the year ended December 31, 2016. The schedule has been prepared on the cash basis of accounting.

The information on this Schedule is prepared in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Health District, it is not intended to and does not present the financial position or changes in net position of the Health District.

Direct costs are those made for the benefit of one federal program and are allocable to that program. The Health 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 Health 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 2016, all disbursements in the Schedule are direct costs. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Health District has not made an election whether or not to use the 10 percent de minimis rate.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the Health District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Health 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 \$71,313. 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 Expenditures 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  
219 E. Market Street  
P.O. Box 1503  
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 Health District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated November 27, 2017, wherein we noted the Health District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 27, 2017





# 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  
219 E. Market Street  
P.O. Box 1503  
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 Health 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, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Health District's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on the Health District's compliance for the Health District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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 Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the 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, 2016.

***Report on Internal Control Over Compliance***

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Health District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with 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 Health District's internal control over compliance.

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

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

This report only describes the scope of our internal control 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

November 27, 2017

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

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



# ALLEN COUNTY PUBLIC HEALTH

www.allencountypublichealth.org  
Allen County Combined Health District

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
December 31, 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Weakness – Financial Reporting	Partially Corrected	<p>This finding is partially corrected. The Building Improvement fund was identified as a major fund in 2016; however, other reporting errors were found. The Reason for Reoccurrence - The principal and interest payments were stated correctly on the financials; however, the payments were not recorded correctly in the accounting system. Also, there were reclassifications made from the accounting system trials to the financials.</p> <p>The health district will follow the advice of the State Auditors.</p>



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# 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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 14, 2017**