

Ross County Health District
Ross County
Single Audit
For the Year Ended December 31, 2013



Millhuff-Stang, CPA, Inc.
1428 Gallia Street, Suite 2
Portsmouth, Ohio 45662
Phone: 740.876.8548 ■ Fax: 888.876.8549
Website: www.milhuffstangcpa.com ■ Email: natalie@milhuffstangcpa.com



Dave Yost • Auditor of State

Board of Health
Ross County Health District
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Health District, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

May 15, 2014

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Ross County Health District
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For the Year Ended December 31, 2013

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Independent Auditor's Report

Board of Health
Ross County Health District
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ross County Health District, Ross County (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ross County Health District, Ross County, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General

and Ross County 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, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, change in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures (the Schedule) also presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the 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, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in the Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014 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.



Natalie Millhuff-Stang, CPA, President/Owner
Millhuff-Stang, CPA, Inc.

March 21, 2014

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

This discussion and analysis of the Ross County Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2013, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2013 are as follows:

There was an increase in net position from 2012 to 2013 of \$9,738.

The District's receipts are primarily from charges for services, operating grants and contributions, unrestricted intergovernmental receipts, and property taxes. These receipts represent over 99.9 percent of the total cash received for governmental activities during 2013. The remaining receipts are attributed to miscellaneous receipts and payments in lieu of taxes.

The District's disbursements are primarily comprised of children's health, home health and community health with \$783,611, \$2,434,961 and \$886,215, respectively, disbursed for 2013.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

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

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. 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 accounting principles generally accepted in the United States of America. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District did financially during 2013, within the limitations of the cash basis of accounting. The statement of net position presents the cash and investment balances of the governmental activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for its governmental programs or functions. Program receipts include charges paid by the recipient of the program services and for grant monies received. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how its governmental activities draw from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well, such as the District's property tax base, the condition of the District's capital assets and infrastructure, and the reliance on non-local financial resources for operations.

In the statement of net position and the statement of activities, we report the District in one type of activity: governmental activities. All of the District's basic services are reported as governmental activities.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate the money that is restricted and that it is being spent for the intended purpose. All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund and the Ross County WIC Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the government-wide statements.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

The District as a Whole

Table 1 provides a summary of the District's net position for 2013 compared to 2012 on the cash basis:

Table 1
Net Position

	Governmental Activities	
	2013	2012
<i>Assets:</i>		
Cash	\$40,624	\$46,413
Equity in County Treasury	670,898	655,371
Total Assets	\$711,522	\$701,784
 <i>Net Position:</i>		
Other Purposes	\$243,053	\$177,204
Unrestricted	468,469	524,580
Total Net Position	\$711,522	\$701,784

As mentioned previously, net position of governmental activities increased \$9,738 or 1.4 percent during 2013. This increase is a result of receipts in excess of disbursements.

Table 2 reflects the changes in net position in 2013. A comparative analysis of 2013 and 2012 is presented.

Table 2
Change in Net Position

	Governmental Activities	
	2013	2012
<i>Receipts:</i>		
<i>Program Receipts:</i>		
Charges for Services	\$2,889,919	\$2,771,572
Operating Grants and Contributions	1,233,280	1,435,514
Total Program Receipts	4,123,199	4,207,086
<i>General Receipts:</i>		
Property Taxes	1,019,176	1,012,700
Grants and Entitlements not Restricted to Specific Programs	250,821	266,439
Payments in Lieu of Taxes	1,376	0
Miscellaneous	70	729
Total General Receipts	1,271,443	1,279,868
Total Receipts	5,394,642	5,486,954

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

Table 2
Change in Net Position
(Continued)

	Governmental Activities	
	2013	2012
<i>Disbursements:</i>		
<i>Current:</i>		
Children's Health	\$783,611	\$780,583
Environmental Health	416,924	408,832
Community Health	886,215	963,484
Administrative Services	683,615	668,220
Home Health	2,434,961	2,378,324
Community Preparedness	174,101	243,900
Capital Outlay	5,477	0
Total Disbursements	<u>5,384,904</u>	<u>5,443,343</u>
<i>Change in Net Position</i>	9,738	43,611
<i>Net Position, January 1</i>	<u>701,784</u>	<u>658,173</u>
<i>Net Position, December 31</i>	<u>\$711,522</u>	<u>\$701,784</u>

Program receipts represent 76.4 percent of total receipts in 2013, and are comprised of charges for services collected from customers and for operating grants and contributions. General receipts represent 23.6 percent of the District's total receipts for 2013. These receipts consist of property taxes, unrestricted intergovernmental receipts, payments in lieu of taxes, and miscellaneous receipts. Charges for services increased by \$118,347 due to an increase in charges for services related to the home health program. Operating grants and contributions decreased by \$202,234 due to decreases in various federal funding, including Public Health Infrastructure, SOWCP, Susan B. Komen, and Help Me Grow program funding. Property tax receipts increased \$6,476 and unrestricted grants decreased \$15,618 which were relatively consistent to the prior year. Other receipts also remained reasonably consistent between years.

Disbursements also remained relatively consistent.

Governmental Activities

If you look at the statement of activities, as referenced in the table of contents, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The next two columns of the statement, entitled program cash receipts, identify two types of program receipts. The first type is charges for services, which consists of amounts paid by people who are directly charged for services provided. The second type is operating grants and contributions, which consists of operating grants and contributions directly related to program services being provided. The net receipts (disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which is paid from money provided from sources other than charges for services and operating grants and contributions. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(Unaudited)

Table 3
 Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Children's Health	\$783,611	(\$72,805)	\$780,583	(\$104,373)
Environmental Health	416,924	190,770	408,832	131,047
Community Health	886,215	518,744	963,484	549,171
Administrative Services	683,615	498,804	668,220	478,535
Home Health	2,434,961	115,494	2,378,324	176,556
Community Preparedness	174,101	5,221	243,900	5,321
Capital Outlay	5,477	5,477	0	0
Total Disbursements	<u>\$5,384,904</u>	<u>\$1,261,705</u>	<u>\$5,443,343</u>	<u>\$1,236,257</u>

The District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

Total governmental funds had receipts and other financing sources of \$5,432,463 and disbursements and other financing uses of \$5,422,725. The General Fund balance decreased \$63,173 due to disbursements in excess of receipts. The Ross County WIC Fund balance increased \$47,548.

Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During 2013, the District amended its General Fund budget to reflect changing circumstances. The District's most significant changes occurred in charges for services and intergovernmental receipts, due to increases in expectations for vital statistics and miscellaneous reimbursements and for its state subsidy.

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$5,477 during fiscal year 2013.

Debt

The District had no debt outstanding as of December 31, 2013.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Adam Dyer, Chief Fiscal Officer, 475 Western Avenue, Suite A, Chillicothe, Ohio 45601.

Ross County Health District
Statement of Net Position - Cash Basis
December 31, 2013

	<u>Governmental Activities</u>
Assets	
Cash	\$40,624
Equity in County Treasury	<u>670,898</u>
Total Assets	<u><u>\$711,522</u></u>
Net Position	
Restricted For:	
Other Purposes	\$243,053
Unrestricted	<u>468,469</u>
Total Net Position	<u><u>\$711,522</u></u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Current:				
Children's Health	\$783,611	\$0	\$856,416	\$72,805
Environmental Health	416,924	226,154	0	(190,770)
Community Health	886,215	174,069	193,402	(518,744)
Administrative Services	683,615	170,229	14,582	(498,804)
Home Health	2,434,961	2,319,467	0	(115,494)
Community Preparedness	174,101	0	168,880	(5,221)
Capital Outlay	5,477	0	0	(5,477)
Total Governmental Activities	\$5,384,904	\$2,889,919	\$1,233,280	(1,261,705)
		General Receipts		
		Property Taxes Levied for		
		General Health District Purposes		1,019,176
		Grants and Entitlements not Restricted		250,821
		to Specific Programs		1,376
		Payments in Lieu of Taxes		70
		Miscellaneous		<u>70</u>
		Total General Receipts		<u>1,271,443</u>
		Change in Net Position		9,738
		Net Position Beginning of Year		<u>701,784</u>
		Net Position End of Year		<u><u>\$711,522</u></u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2013

	General	Ross County WIC	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$40,624	\$0	\$0	\$40,624
Equity in County Treasury	451,858	73,374	145,666	670,898
Total Assets	\$492,482	\$73,374	\$145,666	\$711,522
Fund Balances				
Restricted for:				
Children's Health	\$0	\$73,374	\$36,076	\$109,450
Environmental Health	0	0	1,273	1,273
Community Health	0	0	74,187	74,187
Community Preparedness	0	0	58,143	58,143
Unassigned (Deficit)	492,482	0	(24,013)	468,469
Total Fund Balances	\$492,482	\$73,374	\$145,666	\$711,522

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Ross County WIC	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,019,176	\$0	\$0	\$1,019,176
Intergovernmental	265,403	541,801	676,897	1,484,101
Charges for Services	2,707,002	0	182,917	2,889,919
Payments in Lieu of Taxes	1,376	0	0	1,376
Miscellaneous	70	0	0	70
Total Receipts	3,993,027	541,801	859,814	5,394,642
Disbursements				
Current:				
Children's Health	0	493,336	290,275	783,611
Environmental Health	199,614	0	217,310	416,924
Community Health	701,045	0	185,170	886,215
Administrative Services	683,615	0	0	683,615
Home Health	2,434,961	0	0	2,434,961
Community Preparedness	0	0	174,101	174,101
Capital Outlay	1,452	917	3,108	5,477
Total Disbursements	4,020,687	494,253	869,964	5,384,904
Receipts Over (Under) Disbursements	(27,660)	47,548	(10,150)	9,738
Other Financing Sources (Uses)				
Transfers In	1,154	0	36,667	37,821
Transfers Out	(36,667)	0	(1,154)	(37,821)
Total Other Financing Sources (Uses)	(35,513)	0	35,513	0
Net Change in Fund Balances	(63,173)	47,548	25,363	9,738
Beginning Fund Balances, January 1	555,655	25,826	120,303	701,784
Ending Fund Balances, December 31	\$492,482	\$73,374	\$145,666	\$711,522

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,022,681	\$1,019,176	\$1,019,176	\$0
Intergovernmental	252,243	265,403	265,403	0
Charges for Services	150,600	170,229	170,229	0
Payments in Lieu of Taxes	0	1,376	1,376	0
Miscellaneous	200	70	70	0
Total Receipts	1,425,724	1,456,254	1,456,254	0
Disbursements				
Current:				
Administrative Services	739,440	683,615	683,615	0
Capital Outlay	3,000	0	0	0
Total Disbursements	742,440	683,615	683,615	0
Receipts Over Disbursements	683,284	772,639	772,639	0
Other Financing Sources (Uses)				
Transfers In	11,609	1,154	1,154	0
Transfers Out	(941,810)	(827,884)	(827,884)	0
Total Other Financing Sources (Uses)	(930,201)	(826,730)	(826,730)	0
Net Change in Fund Balances	(246,917)	(54,091)	(54,091)	0
Beginning Fund Balances, January 1	533,348	533,348	533,348	0
Ending Fund Balances, December 31	\$286,431	\$479,257	\$479,257	\$0

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
Ross County WIC Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$455,043	\$541,801	\$541,801	\$0
Total Receipts	455,043	541,801	541,801	0
Disbursements				
Current:				
Children's Health	451,443	493,336	493,336	0
Capital Outlay	3,600	917	917	0
Total Disbursements	455,043	494,253	494,253	0
Net Change in Fund Balances	0	47,548	47,548	0
Beginning Fund Balances, January 1	25,826	25,826	25,826	0
Ending Fund Balances, December 31	\$25,826	\$73,374	\$73,374	\$0

See the accompanying notes to the basic financial statements.

Note 1 – Reporting Entity

The Ross County Health District, Ross County, Ohio, (the 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. The District is responsible for the administration of all health programs established by the Ohio Revised Code, the Ohio Department of Health, and the Public Health Council. Services provided by the District include, but are not limited to, the inspection and licensing of public health programs, community nursing activities, the control of communicable diseases, immunization clinics, environmental health programs, and home health activities.

By law, the Ross County Auditor is the fiscal agent of the District.

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

Note 2 – Summary of Significant Account Policies

As discussed further in Note 2.F, these financial statements are presented on the 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 District's accounting policies.

A. Cash

As required by the 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. As of December 31, 2013, the District's share of the County's cash and investment pool was \$670,898. All risks associated with deposits and investments held at the Treasurer's Office are the responsibility of Ross County. Deposit and investment disclosures for the County as a whole may be obtained from the Ross County Auditor's Office, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601, (740) 702-3080.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2013 was \$40,624 and the bank balance was \$35,730. The entire balance was covered by federal depository insurance.

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the District are presented in one category: governmental.

Governmental Funds – Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

1. General Fund – The General Fund is the general operating fund. It is used to account for all financial resources of the District, except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio laws.

Note 2 – Summary of Significant Account Policies (Continued)

2. Ross County WIC Fund – The Ross County WIC Fund accounts for federal WIC grant receipts passed through the Ohio Department of Health. This program provides nutrition education, supplemental foods, breastfeeding promotion and support, and referrals to health care to income eligible pregnant women, breastfeeding women, women who have had a baby in the past 6 months, infants and children up to 5 years of age.

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

C. Basis of Presentation

The District uses the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The District's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

D. 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-cash basis presents the cash basis financial condition of governmental activities of the District at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services identifiable to a particular program and operating grants and contributions. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the District.

E. 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 at a more detailed level. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

F. Basis of Accounting

The District prepares its financial statements and notes on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

Note 2 – Summary of Significant Account Policies (Continued)

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

G. Cash Receipts—Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the monies have been received. On the cash basis, receipts from grants, entitlements, and donations are recognized in the year in which the monies have been received.

H. Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

I. 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 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 District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District's Board. The District uses the object level within each fund and function as its legal level of control.

Ohio Revised Code Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the 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 District if the filing has not been made.

Ohio Revised Code Section 3709.28 establishes budgetary requirements for the District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the District must adopt an itemized appropriation measure. The appropriations 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 District's Board 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 statement 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 statement reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed by the District's Board.

Note 2 – Summary of Significant Account Policies (Continued)

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

J. Capital Assets

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

K. Compensated Absences

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

L. Net Position

Under the District's cash basis of accounting, net position equal cash balances. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised primarily of resources restricted for grants. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Of the District's \$243,053 of restricted net position, none is restricted by enabling legislation.

M. Interfund Transactions

The statements report transfers between funds as receipts in the seller funds and as disbursements in the purchasing funds. Subsidies from one fund to another without requirement for repayment are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs. Transfers among governmental activities are eliminated in the government-wide statement of activities.

N. Fund Balances

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

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The District reported no nonspendable fund balances as of December 31, 2013.

Note 2 – Summary of Significant Account Policies (Continued)

2. Restricted

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

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The District reported no committed fund balances as of December 31, 2013.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State statute. The District reported no assigned fund balances as of December 31, 2013.

5. Unassigned

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

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

Note 3 – Intergovernmental Receipts

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

Note 4 - Levies

The County Commissioners serve as the taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The levy generated \$1,019,176 in 2013. This amount is reflected as property tax receipts on the accompanying basic financial statements.

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
- 1) The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans.

The member contribution rate was 10.0% of covered payroll for 2013, 2012, and 2011 for the District.

The employer contribution rate was 14.0%, 14.0%, and 14.0% of covered payroll for 2013, 2012, and 2011 for the District.

- F. The District's contributions to OPERS for the years ended December 31, 2013, 2012, and 2011 were \$388,811, \$288,793, and \$289,315, respectively, which were equal to the required contributions for those years.
- G. In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014. OPERS recommends employers begin a dialog with their external auditors to determine the impact this standard will have on employer financial statements.

Note 6 – Post-Employment Benefits

Ohio Public Employees Retirement System

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 a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided 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/investments/cafr.shtml>, by writing OPERS, 277 East Town Street, Columbus, Ohio 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 post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the District contributed at a rate of 14.0% of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

Note 6 – Post-Employment Benefits (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$29,896 for 2013, \$115,509 for 2012, and \$115,712 for 2011.
- D. Changes to the health care plan were adopted by the OEPRS 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 the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

Note 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 Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Insurance

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, 2012, PEP retained \$350,000 for casualty claims and \$150,000 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.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 7 – Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Position	\$20,181,216	\$19,175,131

As December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the District's share of these unpaid claims collectible in future years is approximately \$11,000.

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	
2011	\$14,594
2012	12,840
2013	12,086

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.

Note 8 – Contingent Liabilities

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.

Litigation

The District is not currently party to legal proceedings.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 9 – Interfund Transfers

The District had the following interfund transfers for the year ended December 31, 2013:

	Transfers In	Transfers Out
Major Fund:		
General Fund	\$1,154	\$36,667
Non-Major Funds:		
Camp/Rec Parks Fund	0	501
Food Service Fund	3,808	0
Water Systems Fund	9,479	0
Swimming Pools/Bathing Fund	0	653
Sewage Program Fund	23,216	0
Public Safety Grant	135	0
SOWCP Program	29	0
Total Non-Major Funds	36,667	1,154
Total All Funds	\$37,821	\$37,821

Transfers were made from the General Fund to other governmental funds to subsidize operations. Transfers were made from the Camp/Rec Parks Fund and the Swimming Pools/Bathing Fund to the General Fund in accordance with budgetary authorizations.

Note 10 – Budgetary Basis of Accounting

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a financial reporting basis. This includes the Home Health Fund, the Environmental Health Fund, and the Public Health Fund. Since these funds are budgeted separately, they are not included in the budgetary presentation for the General Fund.

	General Fund
Budgetary basis fund balance	\$479,257
Fund balance of funds combined with general fund for reporting purposes	13,225
Cash basis fund balance	\$492,482

Ross County Health District
Ross County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2013

Federal Grantor/Pass Through Grantor/Program Title	Project/Grant Number	Federal CFDA Number	Disbursements
<u>U.S. Department of Agriculture</u>			
<i>Passed through the Ohio Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	07110011WA0613	10.557	412,737
Special Supplemental Nutrition Program for Women, Infants, and Children	07110011WA07014	10.557	105,311
Total Special Supplemental Nutrition Program for Women, Infants, and Children			518,048
Total U.S. Department of Agriculture			518,048
<u>U.S. Department of Transportation</u>			
<i>Passed through the Ohio Department of Public Safety:</i>			
State and Community Highway Safety	SC-2011-71-00-00-00334-00	20.600	23,934
State and Community Highway Safety	SC-2014-71-00-00-00460-00	20.600	2,207
Total State and Community Highway Safety			26,141
Total U.S. Department of Transportation			26,141
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through the Ohio Department of Health:</i>			
Public Health Emergency Preparedness	07110012PH0413	93.069	54,170
Public Health Emergency Preparedness	07110012PH0514	93.069	35,819
Total Public Health Emergency Preparedness			89,989
Centers for Disease Control and Prevention-Investigations and Technical Assistance	07110014BC0613	93.283	54,985
Centers for Disease Control and Prevention-Investigations and Technical Assistance	07110014BC0714	93.283	38,086
Total Centers for Disease Control and Prevention-Investigations and Technical Assistance			93,071
Maternal, Infant, and Early Childhood Home Visting Program	07110011MV0213	93.505	55,357
Maternal, Infant, and Early Childhood Home Visting Program	07110011MV0314	93.505	15,796
Total Maternal, Infant, and Early Childhood Home Visting Program			71,153
Total U.S. Department of Health and Human Services			254,213
Total Federal Financial Assistance			\$798,402

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Ross County Health District
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2013

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures (the schedule) is a summary of Ross County Health District's (the District) federal award programs. The schedule has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2. MATCHING FUNDS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal matching funds is not included on the schedule.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Health
Ross County Health District
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ross County Health District, Ross County (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 21, 2014, wherein we noted the District uses a special purpose framework other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

March 21, 2014

**Report on Compliance For Each Major Program; and Report on Internal Control Over Compliance
Required by OMB Circular A-133**

Independent Auditor's Report

Board of Health
Ross County Health District
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

We have audited Ross County Health District's, Ross County (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2013. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the 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 that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to identify all deficiencies in internal control over compliance that might be material weakness 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

March 21, 2014

Ross County Health District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2013

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of financial statement opinion:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?		No
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		No
Identification of major program(s):		Special Supplemental Nutrition Program for Women, Infants and Children, CFDA #10.557
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$300,000 Type B: All Others
Auditee qualified as low-risk auditee?		Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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Dave Yost • Auditor of State

ROSS COUNTY HEALTH DISTRICT

ROSS 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
MAY 27, 2014**