

**COMBINED HEALTH DISTRICT**  
**CLARK COUNTY**  
**SINGLE AUDIT**  
**JANUARY 1, 2011 – DECEMBER 31, 2011**







# Dave Yost • Auditor of State

Board of Health  
Clark County Combined Health District  
529 East Home Road  
Springfield, Ohio 45503

We have reviewed the *Independent Auditors' Report* of the Clark County Combined Health District, Clark County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Clark County Combined 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

June 28, 2012

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**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

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## INDEPENDENT AUDITORS' REPORT

Combined Health District  
Clark County  
529 East Home Road  
Springfield, Ohio 45503

To the Members of the District:

We have audited the accompanying financial statements of the Clark County Combined Health District (the District) as of and for the year ended December 31, 2011. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2011 or its changes in financial position for the year then ended.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Clark County Combined Health District as of December 31, 2011 and the reserves for encumbrances as of December 31, 2011, and its cash receipts and cash disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 9, for the year ended December 31, 2011, the District changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2012 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

May 5, 2012

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b>Cash Receipts:</b>			
Intergovernmental Revenue	\$ 432,725	\$ 916,601	\$ 1,349,326
Property Taxes	1,925,902	-	1,925,902
Licenses, Permits, & Fees	286,265	617,414	903,679
Contractual Services	9,558	868,048	877,606
Medicaid	72,507	-	72,507
State Subsidy	41,868	-	41,868
Vital Statistics	298,294	-	298,294
Rabies	2,610	-	2,610
Reimbursements	76,245	17,792	94,037
Other Receipts	19,746	19,752	39,498
Total Cash Receipts	<u>3,165,720</u>	<u>2,439,607</u>	<u>5,605,327</u>
<b>Cash Disbursements:</b>			
Salaries	1,337,053	1,202,280	2,539,333
Benefits	273,314	182,685	455,999
Insurances	360,285	410,938	771,223
Workers Compensation	19,170	19,728	38,898
Supplies	231,225	11,190	242,415
State Remittance	180,456	84,323	264,779
Equipment	35,462	50,201	85,663
Contracts	139,474	311,038	450,512
Travel & Training	31,894	26,185	58,079
Maintenance	50,072	156,057	206,129
County Auditor Fees	36,922	-	36,922
Other	81,433	182,540	263,973
Total Cash Disbursements	<u>2,776,760</u>	<u>2,637,165</u>	<u>5,413,925</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>388,960</u>	<u>(197,558)</u>	<u>191,402</u>
<b>Other Financing Cash Receipts/(Cash Disbursements)</b>			
Transfers In	-	210,000	210,000
Advances In	20,000	20,000	40,000
Transfers Out	(210,000)	-	(210,000)
Advances Out	(20,000)	(20,000)	(40,000)
Total Other Financing Cash Receipts/(Cash Disbursements)	<u>(210,000)</u>	<u>210,000</u>	<u>-</u>
Net Change in Fund Balance	178,960	12,442	191,402
Fund Cash Balances, January 1, 2011	<u>1,816,400</u>	<u>754,317</u>	<u>2,570,717</u>
<b>Fund Cash Balances, December 31, 2011</b>	<b><u>\$ 1,995,360</u></b>	<b><u>\$ 766,759</u></b>	<b><u>\$ 2,762,119</u></b>
Reserve for Encumbrances, December 31, 2011	<u>\$ 91,511</u>	<u>\$ 59,655</u>	<u>\$ 151,166</u>

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

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Fiduciary Fund Type</u>
	Agency
<b>Operating Cash Receipts:</b>	
Intergovernmental	\$ 774,867
<i>Total Operating Cash Receipts</i>	774,867
<b>Operating Cash Disbursements:</b>	
Contractual Services	300,333
Total Operating Cash Disbursements	300,333
Operating Income	474,534
Fund Cash Balances, January 1, 2011	-
<b>Fund Cash Balances, December 31, 2011</b>	<b>\$ 474,534</b>
Reserve for Encumbrances, December 31, 2011	\$ 72,978

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

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Clark County Combined Health District, (the District) as a body corporate and politic. An eight-member Board and a Health Commissioner govern the District. The District's services include prevention and control of diseases, sanitation, vital statistics, abatement and removal of nuisances, and air pollution control.

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

**B. Basis of Accounting**

The financial statement follows the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Clark County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's cash, valued at the County Treasurer's carrying amount.

**D. Fund Accounting**

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its fund into the following type:

**1. General Fund**

The General Fund reports all financial resources 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 law.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

HMG/Early Start Fund - This fund receives State grant money used to provide services to the Help Me Grow system in Clark County. Funds are predominantly for early childhood issues including early detection and intervention.

**3. Fiduciary Fund**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the District's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The District disburses these funds as directed by the individual, organization or other government. The District's agency fund accounts for the operations of the Clark County Family and Children First Council (the Council) of which the District began serving as Fiscal Agent effective July 1, 2011. Operations of the Council are controlled by an Oversight Committee which the District's Health Commissioner serves on the Executive Council.

**E. Budgetary Process**

The Ohio Revised Code requires that its fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, cash disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of the 2011 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

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

**G. Intergovernmental Revenues**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the District's cash basis method of accounting.

**H. Accumulated Leave**

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

**I. Fund Balance Designations**

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The District has designated money for the purpose of stabilizing the budget against cyclical changes in revenues and expenditures in accordance with Ohio Revised Code Section 5705.13(A). The amount designated in the General Fund at December 31, 2011 was \$360,000. The District has designated money for the accumulation of sick leave in accordance with Ohio Revised Code Section 5705.13(B) and the amount designated within the Special Revenue Fund was \$22,085 at December 31, 2011.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(CONTINUED)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2011 follows:

**2011 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$3,163,747	\$3,185,720	\$21,973
Special Revenue	2,785,067	2,669,607	(115,460)
Agency	679,047	774,867	95,820
Total	<u>\$6,627,861</u>	<u>\$6,630,194</u>	<u>\$2,333</u>

**2011 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$3,186,646	\$3,098,271	\$88,375
Special Revenue	2,797,093	2,716,820	80,273
Agency	435,931	373,311	62,620
Total	<u>\$6,419,670</u>	<u>\$6,188,402</u>	<u>\$231,268</u>

**3. PROPERTY TAX**

The County Commissioners serve as a special taxing authority to levy a special levy outside the property tax ten-mil limitation to enable the District with sufficient funds to provide health programs and maintain general operations. The County Commissioners place a countywide (excluding the City of New Carlisle) levy of 1.0 mils on the 2011 ballot and obtained voter approval by the electors of the County. This levy was for a period of five years and collections continued through 2007. The County Commissioners also authorized the placement of a 1.0 mills replacement levy on the November 2008 ballot. The voters passed the replacement levy to begin collections in 2008 and continue through 2012.

Real property taxes become a lien on January 1 proceeding the October 1 date for which the tax rates are adopted. The State District of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(CONTINUED)**

**4. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2011, all employees (with the exception of the Health Commissioner) contributed 10% of their gross salaries and the District contributed an amount equaling 14%. Regarding the Health Commissioner, the District contributes 24% of the Health Commissioner's gross salary to OPERS, which consists of the Health Commissioner's required 10% plus the District's required contribution of 14%. The District has paid all contributions required through December 31, 2011.

**5. RISK MANAGEMENT**

**A. Risk Pool Membership**

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, 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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(CONTINUED)**

**5. RISK MANAGEMENT (Continued)**

**A. Risk Pool Membership (Continued)**

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$43,803.

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.

<b>CONTRIBUTIONS TO PEP</b>		
<u>2011</u>	<u>2010</u>	<u>2009</u>
\$47,100	\$47,447	\$50,146

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.

**B. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan**

For 2011, the District, through Clark County serving as their fiscal agent, participated in the County/Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(CONTINUED)**

**5. RISK MANAGEMENT (Continued)**

**B. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan (Continued)**

The GRP then calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plans' selection criteria.

**C. Employee Medical Benefits**

The District participates in a health insurance plan through Anthem available for all fulltime employees. The fully insured plan includes health, mental health and prescription benefits. The cost of the program for 2011 was \$759,159 compared to \$716,840 in 2010 and \$676,217 in 2009. This increase is attributed to more employees participating in the health insurance plan. The District also participates in group dental plans with MCA and Superior. The total cost for the combined programs was \$10,731 for 2011, \$10,914 for 2010 and \$11,661 for 2009. This indicates a slight decrease was attributed to more employees declining coverage.

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The District is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the District's financial condition.

**7. INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2011, were as follows:

Transfers from the General Fund to Special Revenue Funds:                   \$210,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund advances for the year ended December 31, 2011 were as follows:

Advances from the General Fund to the Special Revenue Fund:               \$20,000

Advances from the Special Revenue Fund to the General Fund :               \$20,000

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2011  
(CONTINUED)**

**7. INTERFUND TRANSACTIONS (Continued)**

Advances represent the allocation of unrestricted receipts to finance a program that had not received the total grant funds awarded as of December 31, 2011, or return advances from those programs to the General fund.

**8. CONTRACTUAL OBLIGATIONS**

The District is a party to a multi-year lease for rental of office space. This new lease was initiated April 28, 2008 and is a ninety-nine (99) year lease. This lease required the District to pay \$498,000 in year one and \$1,000 per year for the following two years. The District has fulfilled its monetary obligations to the county for this lease and looks forward to the next 96 years without lease payments. All utilities and other costs are the responsibility of the Combined Health District.

**9. CHANGE IN BASIS OF ACCOUNTING**

For the year ended December 31, 2011, the District changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

**CLARK COUNTY COMBINED HEALTH DISTRICT  
CLARK COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2011**

<b>Federal Grantor/Pass Through Grantor</b>	<b>Pass Through</b>	<b>CFDA</b>	
<b>Program Title</b>	<b>Entity Number</b>	<b>Number</b>	<b>Disbursements</b>
<b>U.S. Department of Health and Human Services Centers for Disease Control and Prevention:</b>			
<i>Passed through Ohio Department of Health:</i>			
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	01210011LD0411	93.197	\$ 48,712
Immunization Grants	01210012IM0310, 01210012IM0411	93.268	87,389
Maternal and Child Health Services Block Grant to the States	01210011MC0411, 01210011MC0512	93.994	131,051
Public Health Emergency Preparedness	01210012PH0211, 01210012PH0312	93.069	277,696
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	01210011MV0112	93.505	<u>35,603</u>
<i>Total Passed through Ohio Department of Health</i>			<u>580,451</u>
<b>Department of Transportation National Highway Traffic Safety Administration (NHTSA)</b>			
<i>Passed through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	SC-2011-12-00-00-00401-00 SC-2012-12-00-00-00386-00	20.600	62,470
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	OVITF-2011-12-00-00-00382-00 OVITF-2012-12-00-00-00398-00	20.608	<u>115,555</u>
<i>Total Passed Through Ohio Department of Public Safety</i>			<u>178,025</u>
<b>Total Federal Awards Expenditures</b>			<u>\$ 758,476</u>

See accompanying notes to the schedule of federal awards expenditures.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – MATCHING REQUIREMENTS**

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

**NOTE C – COMMINGLING**

Federal funds received from the Ohio Department of Health for the Public Health Emergency Preparedness grant were comingled with contractual services revenue. It was assumed that federal dollars were expended first.



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

Combined Health District  
Clark County  
529 East Home Road  
Springfield, Ohio 45503

To the Members of the District:

We have audited the financial statements of the Clark County Combined Health District, Clark County, Ohio (the District) as of and for the year ended December 31, 2011, and have issued our report thereon dated May 5, 2012, wherein we noted the District changed its financial statement presentation and prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

*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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-01 to be a significant deficiency. 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.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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*.

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

We intend this report solely for the information and use of management, the District, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

*Wilson, Shuman & Snow, Inc.*

May 5, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Combined Health District  
Clark County  
529 East Home Road  
Springfield, Ohio 45503

To the Members of the Board:

**Compliance**

We have audited the compliance of the Clark County Combined Health District, Clark County (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Clark County Combined Health District, Clark County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

**Internal Control over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
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Clark County Combined Health District  
Independent Auditors' Report on Compliance with  
Requirements Applicable to Each Major Program  
and on Internal Control over Compliance in  
Accordance with OMB Circular A-133  
Page 2

*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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and responses as item 2011-02. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program 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.

We also noted a matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 5, 2012.

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

We intend this report solely for the information and use of the management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

*Wilson, Sherman & Snow, Inc.*

May 5, 2012

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2011**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	GAAP – Adverse Regulatory – Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for each major federal program?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in its internal control for each major federal program?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Public Health Emergency Preparedness/ C.F.D.A. 93.069  Minimum Penalties for Repeat Offenders for Driving While Intoxicated/C.F.D.A. 20.608
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 §.505**

**DECEMBER 31, 2011**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2011-01</b>
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**Accounting and Financial Reporting**

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the District's financial statements. The District reconciles with the Clark County Auditor on a monthly basis and maintains a ledger to reconcile revenues and expenditures monthly.

Although the District reconciled monthly with the Clark County Auditor, we noted the following reclassifications and adjustments which were necessary to properly present the District's annual financial statements as presented for audit:

- An adjustment of \$36,922 was necessary to properly present real estate taxes received at gross versus net. The Clark County Auditor posts real estate taxes to the District's Health Fund as accounted within the County Ledgers and the District subsequently records at net within its accounting ledgers. The District should make necessary adjustments to record real estate taxes at gross and record the corresponding fees as expenditures within the District's ledgers.
- A reclassification of \$432,725 was necessary to present tangible personal property reimbursements and rollback and homestead receipts as intergovernmental contrary to real estate taxes as recorded by the District. The District should establish consistent procedures to identify and code the nature of receipts received to be recorded within the annual financial reports provided to the auditors.
- Effective July 1, 2011, the District became the fiscal agent for the Clark County Family and Children First Council and will serve in a fiduciary capacity. The financial statements presented for audit included the Family and Children First activity as special revenue funds instead of agency funds. Adjustments were necessary to properly report the Family and Children First activity within the correct fund type.

We recommend the District develop consistent procedures to record financial activity within its accounting ledgers and review the financial statements as presented for audit

**Official's Response:** We did not receive a response to this finding.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 §.505**

**DECEMBER 31, 2011**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	<b>2011-02</b>
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**Accuracy of the Schedule of Federal Awards Expenditures**

Office of Management and Budget (OMB) Circular A-133 Subpart C, §\_\_.310(b) Schedule of Expenditures of Federal Awards states that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately.

At a minimum, the Schedule shall:

1. List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
2. For Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
3. Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
4. Include notes that describe the significant accounting policies used in preparing the schedule.
5. To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub-recipients from each Federal program.
6. Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

We identified the following adjustments to the District's 2011 Schedule of Federal Awards Expenditures as presented for an audit::

- An adjustment of \$6,705 to reduce federal expenditures for the Immunization Grant, C.F.D.A. 93.268 based on improperly including non-federal related expenditures.
- A net adjustment of \$91,070 was necessary to properly present federal expenditures based on the pass-through entity number and improperly including non-federal related expenditures for the Maternal and Child Health Services Block Grants to the States, C.F.D.A. 93.994.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 §.505**

**DECEMBER 31, 2011**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	<b>2011-02 (Continued)</b>
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**Accuracy of the Schedule of Federal Awards Expenditures (Continued)**

- The Schedule of Federal Awards Expenditures presented for audit included the Special Education for Infants and Families Program, C.F.D.A. 84.181, however, there were no federal expenditures attributed to this program and an adjustment of \$95,520 was necessary to remove this program from the Schedule.
  
- An adjustment of \$20,000 was necessary to reduce federal expenditures by \$20,000 for the Minimum Penalties for Repeat Offenders for Driving While Intoxicated, C.F.D.A. 20.608 based on the District improperly including an advance as a federal expenditure.

The adjustments identified above totaled \$213,295.

To reduce the risk of inaccurate reporting of federal expenditures and noncompliance with OMB Circular A-133, Subpart C, §\_\_.310(b), we recommend the Schedule be reviewed after preparation and tied to the underlying cash reports for accuracy.

**Official's Response:** We did not receive a response to this finding.

**COMBINED HEALTH DISTRICT  
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.505**

**DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><u>Explain:</u></b>
2010-01	Financial Statement Presentation	No	Reported as Finding 2011-01.





# Dave Yost • Auditor of State

CLARK COUNTY COMBINED HEALTH DISTRICT

CLARK 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  
JULY 17, 2012