

COMBINED HEALTH DISTRICT
CLARK COUNTY
SINGLE AUDIT
JANUARY 1, 2012 – DECEMBER 31, 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Clark County Combined Health District, Clark County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 Auditor's 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 Auditor's 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 10, 2013

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**COMBINED HEALTH DISTRICT
CLARK COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Members of the District:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Clark County Combined Health District, Ohio (the District) as of and for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2012, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Clark County Combined Health District as of December 31, 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2012 the Clark County Combined Health District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. The federal awards expenditure schedule 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 not a required part of the financial statements. The 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 subjected 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 schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2013, 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.

Wilson, Shuman & Snow, Inc.

May 16, 2013

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
Cash Receipts:			
Property Taxes	\$1,870,574	\$0	\$1,870,574
Intergovernmental	389,628	975,215	1,364,843
Vital Statistics	301,368	0	301,368
Licenses, Permits, & Fees	251,737	639,187	890,924
Reimbursements	96,188	0	96,188
Medicaid	64,820	0	64,820
Other	31,332	33,130	64,462
State Subsidy	25,860	0	25,860
Contractual Services	9,061	810,299	819,360
Rabies	3,530	0	3,530
Total Cash Receipts	<u>3,044,098</u>	<u>2,457,831</u>	<u>5,501,929</u>
Cash Disbursements:			
Salaries	1,415,678	1,290,479	2,706,157
Benefits	255,895	196,295	452,190
Insurances	394,038	371,934	765,972
Workers Compensation	15,420	15,709	31,129
Supplies	121,187	10,463	131,650
State Remittance	171,463	82,561	254,024
Equipment	26,183	12,494	38,677
Contracts	130,137	317,723	447,860
Travel & Training	30,454	32,320	62,774
Maintenance	29,355	110,630	139,985
Other	133,036	73,507	206,543
Total Cash Disbursements	<u>2,722,846</u>	<u>2,514,115</u>	<u>5,236,961</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>321,252</u>	<u>(56,284)</u>	<u>264,968</u>
Other Financing Cash Receipts/(Cash Disbursements)			
Transfers-In	0	214,913	214,913
Advances-In	80,000	80,000	160,000
Transfers-Out	(214,913)	0	(214,913)
Advances-Out	(80,000)	(80,000)	(160,000)
Total Other Financing Cash Receipts/(Cash Disbursements)	<u>(214,913)</u>	<u>214,913</u>	<u>0</u>
Net Change in Fund Balance	106,339	158,629	264,968
Fund Cash Balances, January 1, 2012 (Restated)	<u>2,017,445</u>	<u>744,674</u>	<u>2,762,119</u>
Fund Cash Balances, December 31, 2012	<u>\$2,123,784</u>	<u>\$903,303</u>	<u>\$3,027,087</u>
Fund Cash Balances, December 31			
Restricted	\$0	\$717,372	\$717,372
Committed	26,383	185,931	212,314
Assigned	232,626	0	232,626
Unassigned (Deficit)	<u>1,864,775</u>	<u>0</u>	<u>1,864,775</u>
Fund Cash Balances, December 31	<u>\$2,123,784</u>	<u>\$903,303</u>	<u>\$3,027,087</u>

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

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts:	
Intergovernmental	<u>\$737,069</u>
Total Operating Cash Receipts	<u>737,069</u>
Operating Cash Disbursements:	
Contractual Services	833,430
Maintenance	<u>2,162</u>
Total Operating Cash Disbursements	<u>835,592</u>
Operating Loss	<u>(98,523)</u>
Fund Cash Balances, January 1, 2012	<u>474,534</u>
Fund Cash Balances, December 31, 2012	<u><u>\$376,011</u></u>

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, 2012**

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, 2012
(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. These monies are passed through the local Family and Children First Council. 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 District 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 (except Agency Funds).

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. Appropriations lapse at year end.

2. Estimated Resources

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

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012
(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 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

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.

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.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. 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.

I. Accumulated Leave

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

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

For year 2012, the District reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2011	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 31, 2011
General	\$1,995,360	\$22,085	\$2,017,445
Special Revenue	766,759	(22,085)	744,674

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012
(CONTINUED)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2012 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,097,144	\$3,124,098	\$26,954
Special Revenue	2,733,674	2,752,744	19,070
Agency	975,006	737,069	(237,937)
Total	<u>\$6,805,824</u>	<u>\$6,613,911</u>	<u>(\$191,913)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,138,535	\$3,123,042	\$15,493
Special Revenue	2,662,396	2,658,629	3,767
Agency	1,097,133	858,221	238,912
Total	<u>\$6,898,064</u>	<u>\$6,639,892</u>	<u>\$258,172</u>

4. 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 2001 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 preceding 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, 2012
(CONTINUED)**

5. 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 2012, 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 is considered the Health Commissioner's required 10% plus the District's required contribution of 14%. The District has paid all contributions required through December 31, 2012.

6. 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, 2011 and 2010 (the latest information available):

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012
(CONTINUED)**

6. RISK MANAGEMENT (Continued)

A. Risk Pool Membership (Continued)

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, 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 \$34,190.

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

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$37,163	\$47,100

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012
(CONTINUED)**

6. RISK MANAGEMENT (Continued)

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

For 2012, through Clark County serving as the District's fiscal agent, the District 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.

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 Plan's 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 2012 was \$753,203 compared to \$759,159 in 2011 and \$716,840 in 2010. This shows a 1 percent decrease between 2012 and 2011 noting the decrease is attributed to less 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 \$11,424 for 2012, \$10,731 for 2011 and \$10,914 for 2010. This indicates a slight increase between 2012 and 2011 and was attributed to more employees accepting coverage.

7. 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.

8. INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2012, were as follows:

Transfers from the General Fund to Special Revenue Funds: \$214,913

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2012
(CONTINUED)**

8. INTERFUND TRANSACTIONS (Continued)

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, 2012 were as follows:

Advances from the General Fund to the Special Revenue Fund:	\$80,000
Advances from the Special Revenue Fund to the General Fund :	\$80,000

Advances represent the allocation of unrestricted receipts to finance a program that had not received the total grant funds awarded as of December 31, 2012, or return advances from those programs to the General fund.

9. 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.

10. SUBSEQUENT EVENTS

The District is party to the following in 2013:

A. Contractual Obligations

The District purchased the administrative building and grounds in 2013 which was subsequently leased through Clark County as disclosed in Note 9.

B. Contingent Liabilities

The District settled an outstanding lawsuit related to an environmental issue which had been pending for several years. The settlement of this lawsuit did not result in compensatory damages against the District.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR YEAR ENDED DECEMBER 31, 2012**

<u>Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Disbursements</u>
U.S. Department of Education:			
<i>Passed through Ohio Department of Health:</i>			
Speical Education-Grants for Infants and Families	01210011HG0112/01210011HG0213	84.181	\$ 26,511
U.S. Department of Health and Human Services Center for Disease Control and Prevention:			
<i>Passed through Ohio Department of Health:</i>			
Immunization Cooperative Agreements	01210012IM0411/01210012IM0512	93.268	63,558
Maternal and Child Health Services Block Grant to the States	01210011MC0512/01210011MC0613	93.994	68,513
Public Health Emergency Preparedness	01210012PH0312/01210012PH0413	93.069	144,736
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	01210011MV0112/01210011MV0213	93.505	365,813
Total U.S. Department of Health and Human Services Center for Disease Control and Prevention			<u>642,620</u>
U.S. Department of Transportation National Highway Traffic Safety Administration:			
<i>Passed through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	SC-2012-12-00-00-00386-00 SC-2013-12-00-00-00335-00	20.600	27,131
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	OVITF-2012-12-00-00-00398-00 OVITF-2013-12-00-00-00314-00	20.608	88,328
Total U.S. Department of Transportation National Highway Traffic Safety Administration			<u>115,459</u>
U.S. Department of Homeland Security:			
<i>Passed through Ohio Emergency Management Agency:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	1,751
Total Federal Awards Expenditures			<u>\$ 786,341</u>

See accompanying notes to the schedule of federal awards expenditures.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditure Schedule (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 AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Clark County Combined Health District, Ohio (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated May 16, 2013 wherein we noted the District followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and adopted GASB Statement No. 54.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2012-01 to be a significant deficiency.

Compliance and Other Matters

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 16, 2013.

Entity's Response to Findings

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

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

May 16, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

To the Members of the District:

Report on Compliance for Each Major Federal Program

We have audited the Clark County Combined Health District's (the District) compliance with the applicable 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 Clark County Combined Health District's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Wilson, Shannon & Snow, Inc.

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Opinion on Each Major Federal Program

In our opinion, the Clark County Combined Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Sherman & Snow, Inc.

May 16, 2013

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

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

DECEMBER 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	GAAP – Adverse Regulatory – Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for each major federal program?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in its internal control for each major federal program?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Public Health Emergency Preparedness/ C.F.D.A. 93.069 Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program/C.F.D.A. 93.505
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

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

DECEMBER 31, 2012

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

Finding Number	2012-01
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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:

- A reclassification of \$387,585 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 its accounting ledgers.

- A reclassification of \$35,000 was necessary to properly present transfers and advances at year end. The District should establish consistent procedures to identify transfers and advances and determine that transfers in/advances in equal transfers out/advances out at year end.

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: The District will monitor the financial reporting process and incorporate the items for 2013.

**COMBINED HEALTH DISTRICT
CLARK COUNTY**

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

DECEMBER 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u>
2011-01	Financial Statement Presentation	No	Reported as Finding 2012-01.
2011-02	Accuracy of Federal Schedule	Yes	



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
JUNE 20, 2013**