



Dave Yost • Auditor of State

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

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Dave Yost • Auditor of State

District Board of Health
Hocking County
132 Hocking Mall
Logan, Ohio 43138

To the Board of Health:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

October 24, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Hocking County
132 Hocking Mall
Logan, Ohio 43138

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Hocking County, Ohio (the District), as of and for the years ended December 31, 2010 and 2009. 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 statements 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 health districts 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 years ended December 31, 2010 and 2009 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, 2010 and 2009 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District Board of Health, Hocking County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2011, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

October 24, 2011

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 535,767	\$	\$	\$ 535,767
Intergovernmental	142,762	594,088		736,850
Fines, Licenses and Permits	31,179	192,982		224,161
Other Receipts	51,365	100		51,465
Total Cash Receipts	<u>761,073</u>	<u>787,170</u>	<u>0</u>	<u>1,548,243</u>
Cash Disbursements:				
Salaries	407,317	383,330		790,647
Fringe Benefits		77,634		77,634
Supplies	75,576	70,080		145,656
Equipment	1,455	34,929		36,384
Contracts - Services and Repair	16,667	67,430		84,097
Telephone	3,789	2,794		6,583
Travel and Expenses	12,807	21,716		34,523
Public Employee's Retirement	55,198	16,424		71,622
Worker's Compensation	5,236	1,371		6,607
Medicare	5,829	1,654		7,483
Hospitalization	54,608	9,020		63,628
Remittance to State	18,910	46,730		65,640
Rent and Utilities	23,103	71,564		94,667
Auditor and Treasurer Fees	15,569			15,569
Other Expenses	11,965	19,218		31,183
Total Cash Disbursements	<u>708,029</u>	<u>823,894</u>	<u>0</u>	<u>1,531,923</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>53,044</u>	<u>(36,724)</u>	<u>0</u>	<u>16,320</u>
Other Financing Receipts/(Disbursements):				
Advances-In	2,500	2,500		5,000
Advances-Out	(2,500)	(2,500)		(5,000)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>53,044</u>	<u>(36,724)</u>	<u>0</u>	<u>16,320</u>
Fund Cash Balances, January 1	<u>244,089</u>	<u>302,426</u>	<u>182,299</u>	<u>728,814</u>
Fund Cash Balances, December 31	<u>\$ 297,133</u>	<u>\$ 265,702</u>	<u>\$ 182,299</u>	<u>\$ 745,134</u>

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

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 390,987	\$	\$	\$ 390,987
Intergovernmental	117,091	547,564		664,655
Fines, Licenses and Permits	91,070	210,464		301,534
Charges for Services		16,052		16,052
Other Receipts	32,757	13,500		46,257
	<u>631,905</u>	<u>787,580</u>	<u>0</u>	<u>1,419,485</u>
Total Cash Receipts				
	<u>631,905</u>	<u>787,580</u>	<u>0</u>	<u>1,419,485</u>
Cash Disbursements:				
Salaries	343,930	415,581		759,511
Fringe Benefits		82,920		82,920
Supplies	70,178	45,012		115,190
Equipment	1,965	23,614		25,579
Contracts - Services and Repair	35,061	43,635		78,696
Telephone	3,486	3,107		6,593
Travel and Expenses	9,239	14,300		23,539
Advertising and Printing		136		136
Public Employee's Retirement	48,002	17,324		65,326
Worker's Compensation	6,501	2,785		9,286
Medicare	4,901	1,740		6,641
Hospitalization	47,403	11,640		59,043
Remittance to State	13,878	11,951		25,829
Rent and Utilities	30,483	55,666		86,149
Auditor and Treasurer Fees	11,155			11,155
Other Expenses	14,200	13,031		27,231
	<u>640,382</u>	<u>742,442</u>	<u>0</u>	<u>1,382,824</u>
Total Cash Disbursements				
	<u>640,382</u>	<u>742,442</u>	<u>0</u>	<u>1,382,824</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(8,477)</u>	<u>45,138</u>	<u>0</u>	<u>36,661</u>
Other Financing Receipts/(Disbursements):				
Proceeds from the Sale of Assets			28,500	28,500
			<u>28,500</u>	<u>28,500</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>28,500</u>	<u>28,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,477)</u>	<u>45,138</u>	<u>28,500</u>	<u>65,161</u>
Fund Cash Balances, January 1	<u>252,566</u>	<u>257,288</u>	<u>153,799</u>	<u>663,653</u>
Fund Cash Balances, December 31	<u>\$ 244,089</u>	<u>\$ 302,426</u>	<u>\$ 182,299</u>	<u>\$ 728,814</u>

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

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 District Board of Health, Hocking County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include inspection and licensing of food establishments, inspections of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

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

B. Accounting Basis

These financial statements follow the accounting basis 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).

These statements include 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 Hocking County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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 Funds:

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Public Health Infrastructure Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

Women, Infants and Children (WIC) Grant Fund – This fund receives money to provide supplemental nutritious food and nutrition education as an adjunct to good health care to low-income persons in critical periods of growth and development.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The District had the following Capital Projects Fund:

Public Health Contingency Fund – This fund receives money from transfers from the General Fund to provide funds for capital improvements to the District's facilities and allow monies to be available for nuisance abatement.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, 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 Board must annually approve appropriation measures and subsequent amendments. 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.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, reappropriated at the beginning of the year.

A summary of 2010 and 2009 budgetary activity appears in Note 2.

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. 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. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$593,705	\$763,573	\$169,868
Special Revenue	648,454	789,670	141,216
Capital Projects	0	0	0
Total	\$1,242,159	\$1,553,243	\$311,084

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$837,795	\$710,529	\$127,266
Special Revenue	981,159	826,394	154,765
Capital Projects	0	0	0
Total	\$1,818,954	\$1,536,923	\$282,031

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$607,367	\$631,905	\$24,538
Special Revenue	871,772	787,580	(84,192)
Capital Projects	28,500	28,500	0
Total	\$1,507,639	\$1,447,985	(\$59,654)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$781,561	\$640,382	\$141,179
Special Revenue	1,068,716	742,442	326,274
Capital Projects	0	0	0
Total	\$1,850,277	\$1,382,824	\$467,453

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Intergovernmental Funding

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

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the County Commissioners adopted tax rates. The State Board 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.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Retirement System

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 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

6. Risk Management

The Hocking County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District is covered by these policies.

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.



Dave Yost • Auditor of State

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

District Board of Health
Hocking County
132 Hocking Mall
Logan, Ohio 43138

To the Board of Health:

We have audited the financial statements of the District Board of Health, Hocking County, Ohio (the District), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated October 24, 2011, wherein we noted the District followed accounting practices the Auditor of State prescribes 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 statements, 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

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*.

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated October 24, 2011.

We intend this report solely for the information and use of management, the Board of Health, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

October 24, 2011



Dave Yost • Auditor of State

DISTRICT BOARD OF HEALTH

HOCKING 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
NOVEMBER 15, 2011**