



Dave Yost • Auditor of State



HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY

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# Dave Yost • Auditor of State

Highland County General Health District  
Highland County  
1487 North High St  
Hillsboro, Ohio 45133

To the Members of the Board:

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

May 11, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Highland County General Health District  
Highland County  
1487 North High St  
Suite 400  
Hillsboro, Ohio 45133

To the Members of the Board:

We have audited the accompanying financial statements of the Highland County General Health District, Highland 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 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 and reserves for encumbrances of the Highland County General Health District, Highland County, 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 May 11, 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

May 11, 2011

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Intergovernmental	\$828,961			\$828,961
Inspection Fees	21,336			21,336
Permits	40,574	\$4,188		44,762
Other Fees	179,971	1,372		181,343
Licenses	1,181	98,992		100,173
Contractual Services	54,000			54,000
Miscellaneous	7,758	200	\$0	7,958
<b>Total Cash Receipts</b>	<u>1,133,781</u>	<u>104,752</u>	<u>0</u>	<u>1,238,533</u>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Health:				
Salaries	564,007	61,790		625,797
Supplies	54,647	195		54,842
Remittances to State	133,589	9,458		143,047
Equipment	17,713			17,713
Contracts - Repair	5,479			5,479
Contracts - Services	29,087			29,087
Travel	18,165	4,130		22,295
Insurance	22,830			22,830
Utilities	35,180			35,180
Advertising & Printing	431			431
PERS	110,124	8,211		118,335
Workers' Compensation & DWR	9,035	1,231		10,266
Other	14,026	6,709		20,735
Debt Service				0
Principal			87,500	87,500
Interest			7,875	7,875
<b>Total Disbursements</b>	<u>1,014,313</u>	<u>91,724</u>	<u>95,375</u>	<u>1,201,412</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>119,468</u>	<u>13,028</u>	<u>(95,375)</u>	<u>37,121</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			120,000	120,000
Transfers-Out	(120,000)			(120,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(120,000)</u>	<u>0</u>	<u>120,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	(532)	13,028	24,625	37,121
<b>Fund Cash Balances, January 1</b>	<u>340,914</u>	<u>37,509</u>	<u>50,429</u>	<u>428,852</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$340,382</b></u>	<u><b>\$50,537</b></u>	<u><b>\$75,054</b></u>	<u><b>\$465,973</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$1,097</b></u>	<u><b>\$36</b></u>	<u><b>\$0</b></u>	<u><b>\$1,133</b></u>

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

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Intergovernmental	\$812,172			\$812,172
Inspection Fees	17,931			17,931
Permits	29,878	\$3,899		33,777
Other Fees	149,019	1,611		150,630
Licenses	420	97,446		97,866
Contractual Services	37,309			37,309
Miscellaneous	8,335	281	\$0	8,616
<b>Total Cash Receipts</b>	<u>1,055,064</u>	<u>103,237</u>	<u>0</u>	<u>1,158,301</u>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Health:				
Salaries	547,769	74,160		621,929
Supplies	62,991	61		63,052
Remittances to State	23,161	9,041		32,202
Equipment	4,302			4,302
Contracts - Repair	4,164			4,164
Contracts - Services	16,078			16,078
Travel	17,667	4,669		22,336
Utilities	31,528			31,528
Insurance	27,613			27,613
Advertising & Printing	212			212
Public Employees Retirement	107,791	10,428		118,219
Workers' Compensation & DWR	10,340	1,052		11,392
Other	35,904	1,789		37,693
Debt Service				0
Principal			21,000	21,000
Interest			5,880	5,880
<b>Total Disbursements</b>	<u>889,520</u>	<u>101,200</u>	<u>26,880</u>	<u>1,017,600</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>165,544</u>	<u>2,037</u>	<u>(26,880)</u>	<u>140,701</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			76,880	76,880
Transfers-Out	(76,880)			(76,880)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(76,880)</u>	<u>0</u>	<u>76,880</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	88,664	2,037	50,000	140,701
Fund Cash Balances, January 1	<u>252,250</u>	<u>35,472</u>	<u>429</u>	<u>288,151</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$340,914</b></u>	<u><b>\$37,509</b></u>	<u><b>\$50,429</b></u>	<u><b>\$428,852</b></u>
Reserves for Encumbrances, December 31	<u>\$1,514</u>	<u>\$59</u>	<u>\$0</u>	<u>\$1,573</u>

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND 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 Highland County General Health District, Highland County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The Board is appointed by the Highland County Health District Advisory Council which consists of representatives of Highland County Villages, Cities, Townships, and Highland County Commissioners. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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 Highland 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:

Restaurant Fund - This fund receives receipts for licenses for food establishments and food service operations.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**3. Debt Service Fund**

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related costs.

**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. 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.

**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 2010 and 2009 budgetary activity appears in Note 2.

**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.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

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

**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	\$1,382,858	\$1,133,781	(\$249,077)
Special Revenue	127,714	104,752	(22,962)
Debt Service	170,430	120,000	(50,430)
Total	\$1,681,002	\$1,358,533	(\$322,469)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,347,069	\$1,135,410	\$211,659
Special Revenue	125,558	91,760	33,798
Debt Service	170,430	95,375	75,055
Total	\$1,643,057	\$1,322,545	\$320,512

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,166,416	\$1,055,064	(\$111,352)
Special Revenue	9,471	103,237	93,766
Debt Service	25,000	76,880	51,880
Total	\$1,200,887	\$1,235,181	\$34,294

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,132,296	\$967,914	\$164,382
Special Revenue	136,833	101,259	35,574
Debt Service	26,880	26,880	0
Total	\$1,296,009	\$1,096,053	\$199,956

**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.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

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

**3. Intergovernmental Funding (Continued)**

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$452,304 in 2010 and \$456,175 in 2009. The financial statements present these amounts as intergovernmental receipts.

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

**5. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

**6. Debt**

On June 9, 2009, The Highland County Commissioners issued \$175,000 in Building Improvement Bonds for the purpose of refunding the 2008 Bond Anticipation Notes. The Bonds are general obligations of Highland County (the County) and are backed by the full faith and credit of the County. The District has agreed to pay the debt service on the notes from the general revenues; however, currently there is no formal written agreement between the two parties.

At December 31, 2010, the District owed a total of \$87,500 to the Highland County Commissioners for principal on the County Building Improvement Bonds.



# 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

Highland County General Health District  
Highland County  
1487 North High St  
Suite 400  
Hillsboro, Ohio 45133

To the District Board of Trustees:

We have audited the financial statements of the governmental activities of the Highland County General Health District, Highland County, Ohio (the District), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 11, 2011. 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*.

Highland County General Health District  
Highland County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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 11, 2011.

We intend this report solely for the information and use of management, and the District Board of Trustees. 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 "D" and "Y".

**Dave Yost**  
Auditor of State

May 11, 2011



# Dave Yost • Auditor of State

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT**

**HIGHLAND COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 31, 2011**