



Dave Yost • Auditor of State

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

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Dave Yost • Auditor of State

District Board of Health
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

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.

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

Dave Yost
Auditor of State

March 26, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

To the Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Monroe County, Ohio (the Health District), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Health 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 Health 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 Health District's larger (i.e., major) funds separately. While the Health 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 Health 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Health District as of December 31, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the District Board of Health, Monroe County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Health District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2012, on our consideration of the Health 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, flowing style.

Dave Yost
Auditor of State

March 26, 2012

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$142,623	\$377,482	\$520,105
Vital Statistics	10,120		10,120
Environmental Fees	2,303	1,555	3,858
Fiscal Fees	5,000		5,000
Nursing Fees	21,831		21,831
Licenses and Fees		42,137	42,137
Other Receipts		166	166
		<u>1,329</u>	<u>1,329</u>
Total Cash Receipts	<u>181,877</u>	<u>422,669</u>	<u>604,546</u>
Cash Disbursements:			
Current Disbursements:			
Health:			
Salaries	107,527	276,172	383,699
Supplies	9,584	2,865	12,449
Remittances to State		5,124	5,124
Contracts - Services	10,500	31,993	42,493
Travel	1,192	9,176	10,368
Medicare	1,527	3,889	5,416
Workers' Compensation	1,514	4,303	5,817
Ohio Public Employee Retirement System	14,638	38,913	53,551
Insurance	11,377	37,116	48,493
Other	21,049	36,969	58,018
		<u>446,520</u>	<u>625,428</u>
Total Cash Disbursements	<u>178,908</u>	<u>446,520</u>	<u>625,428</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,969</u>	<u>(23,851)</u>	<u>(20,882)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		4,000	4,000
Advances-In	29,968	33,375	63,343
Transfers-Out	(4,000)		(4,000)
Advances-Out	(33,375)	(29,968)	(63,343)
Refunds/Reimbursements	24	120	144
		<u>7,527</u>	<u>144</u>
Total Other Financing Receipts/(Disbursements)	<u>(7,383)</u>	<u>7,527</u>	<u>144</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(4,414)</u>	<u>(16,324)</u>	<u>(20,738)</u>
Fund Cash Balances, January 1	<u>10,945</u>	<u>153,977</u>	<u>164,922</u>
Fund Cash Balances, December 31			
Nonspendable			
Restricted		128,373	128,373
Committed		9,024	9,024
Assigned	5,264	256	5,520
Unassigned (Deficit)	1,267		1,267
		<u>137,653</u>	<u>144,184</u>
Fund Cash Balances, December 31	<u>\$6,531</u>	<u>\$137,653</u>	<u>\$144,184</u>

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

**DISTRICT BOARD OF HEALTH
MONROE 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>	
Cash Receipts:			
Intergovernmental	\$133,600	\$544,166	\$677,766
Vital Statistics	8,923		8,923
Environmental Fees	3,072	480	3,552
Fiscal Fees	5,000		5,000
Nursing Fees	21,233		21,233
Licenses and Fees		44,620	44,620
Other Receipts		40	40
Total Cash Receipts	<u>171,828</u>	<u>589,306</u>	<u>761,134</u>
Cash Disbursements:			
Current Disbursements:			
Health:			
Salaries	103,080	282,693	385,773
Supplies	9,084	22,174	31,258
Remittances to State		5,700	5,700
Equipment		52,001	52,001
Contracts - Services	9,800	71,187	80,987
Travel	1,080	11,134	12,214
Medicare	1,467	4,002	5,469
Workers' Compensation	1,946	4,667	6,613
Ohio Public Employee Retirement System	14,430	39,566	53,996
Insurance	8,902	30,789	39,691
Other	34,858	122,350	157,208
Total Cash Disbursements	<u>184,647</u>	<u>646,263</u>	<u>830,910</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(12,819)</u>	<u>(56,957)</u>	<u>(69,776)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		7,076	7,076
Advances-In	31,685	29,968	61,653
Transfers-Out		(7,076)	(7,076)
Advances-Out	(29,968)	(31,685)	(61,653)
Refunds/Reimbursements	5,183	376	5,559
Other Sources		15	15
Total Other Financing Receipts/(Disbursements)	<u>6,900</u>	<u>(1,326)</u>	<u>5,574</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(5,919)</u>	<u>(58,283)</u>	<u>(64,202)</u>
Fund Cash Balances, January 1	<u>16,864</u>	<u>212,260</u>	<u>229,124</u>
Fund Cash Balances, December 31	<u>\$10,945</u>	<u>\$153,977</u>	<u>\$164,922</u>
Reserves for Encumbrances, December 31	<u>\$9,851</u>	<u>\$2,500</u>	<u>\$12,351</u>

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, Monroe County, Ohio (the Health District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the Health District. These members are appointed by the Health District Advisory Council which is made up of the chairman of each township within Monroe County, the mayor of each Village within Monroe County, and the chairman of the Monroe County Commissioners. The Health District's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, inspections, public health nursing services, and issues health-related licenses and permits.

The Health District's management believes these financial statements present all activities for which the Health 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 Health 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 Monroe County Treasurer is custodian for the Health District's deposits. The County's deposit and investment pool holds the Health District's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The Health District uses fund accounting to segregate cash and investments that are restricted as to use. The Health 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 Health District had the following significant Special Revenue Funds:

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Women, Infants, and Children (WIC) Fund – This is a Federal grant fund that accounts for the Special Supplemental Nutrition Program.

Public Health Infrastructure Grant Fund – This fund receives Federal grant money to address bioterrorism and other public health threats and emergencies at the health department level.

Help Me Grow Fund - This fund receives State and Federal grant money to provide parental education and developmental screenings for children under the age of three.

E. Budgetary Process

The Ohio Revised Code requires the Health 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 Health 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 Health 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 2011 and 2010 budgetary activity appears in Note 2.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Health District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

1. Nonspendable

The Health 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 Health 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 Health District official delegated that authority by resolution, or by State Statute.

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

H. Accumulated Leave

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

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010, follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$211,284	\$211,869	\$585
Special Revenue	530,895	460,164	(70,731)
Total	\$742,179	\$672,033	(\$70,146)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$227,567	\$221,547	\$6,020
Special Revenue	559,668	476,744	82,924
Total	\$787,235	\$698,291	\$88,944

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$219,059	\$208,696	(\$10,363)
Special Revenue	737,981	626,741	(111,240)
Total	\$957,040	\$835,437	(\$121,603)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$255,753	\$224,466	\$31,287
Special Revenue	771,682	687,524	84,158
Total	\$1,027,435	\$911,990	\$115,445

3. Intergovernmental Funding

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Health District contributed an amount equaling 14% of participants' gross salaries. The Health District has paid all contributions required through December 31, 2011.

5. Risk Management

Commercial Insurance

The Health District has obtained commercial insurance through Monroe County for the following risks:

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

6. Contingent Liabilities

Amounts grantor agencies pay to the Health 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.

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

District Board of Health
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

To the Members of the Board

We have audited the financial statements of the District Board of Health, Monroe County, Ohio (the Health District), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 26, 2012, wherein we noted the Health District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and for December 31, 2011, we noted the Health District adopted Governmental Accounting Standards Board Statement No. 54. 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 Health 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 Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health 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 Health 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 Health 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 certain matters not requiring inclusion in this report that we reported to the Health District's management in a separate letter dated March 26, 2012.

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



Dave Yost
Auditor of State

March 26, 2012



Dave Yost • Auditor of State

MONROE DISTRICT BOARD OF HEALTH

MONROE 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
APRIL 5, 2012**