



Dave Yost • Auditor of State



HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Highland County General Health District, Highland County, Ohio (the District), as of and for the year ended December 31, 2012 and 2011.

### ***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 the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 cash 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.

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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 presumably material.

***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 and 2011, 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 Highland County General Health District, Highland County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years 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 1 to the financial statements, during 2011 the Highland County General 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 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.



**Dave Yost**  
Auditor of State

April 23, 2013

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Intergovernmental:				
State Subsidy	\$8,152			\$8,152
PHEP Grant	110,971			110,971
MAC Project	26,689			26,689
Property Taxes	582,427			582,427
Inspection Fees	16,227			16,227
Permits	32,656	\$4,360		37,016
Fees	150,078	1,973		152,051
Licenses	971	46,922		47,893
Contractual Services	44,182			44,182
Miscellaneous	3,887	150		4,037
<i>Total Cash Receipts</i>	<u>976,240</u>	<u>53,405</u>	<u>\$0</u>	<u>1,029,645</u>
<b>Cash Disbursements</b>				
Current:				
Health:				
Salaries	548,273	55,886		604,159
Supplies	45,419	50		45,469
Remittances to State	34,028	8,402		42,430
Equipment	20,517			20,517
Water Test Fee		1,862		1,862
Contracts-Repair	6,212			6,212
Contracts- Services	25,896			25,896
Travel	16,796	2,321		19,117
Insurance	48,676			48,676
Utilities	27,269			27,269
Advertising & Printing	1,114			1,114
PERS	107,454	7,824		115,278
Workers' Compensation & DWR	7,963	754		8,717
Other	14,322	8,872	13,380	36,574
<i>Total Cash Disbursements</i>	<u>903,939</u>	<u>85,971</u>	<u>13,380</u>	<u>1,003,290</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>72,301</u>	<u>(32,566)</u>	<u>(13,380)</u>	<u>26,355</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In			20,000	20,000
Transfers Out	(20,000)			(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,000)</u>	<u>0</u>	<u>20,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	52,301	(32,566)	6,620	26,355
<i>Fund Cash Balances, January 1</i>	<u>374,459</u>	<u>61,392</u>	<u>20,000</u>	<u>455,851</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	28,826	26,620	55,446
Assigned	447	0	0	447
Unassigned (Deficit)	426,313	0	0	426,313
<i>Fund Cash Balances, December 31</i>	<u>\$426,760</u>	<u>\$28,826</u>	<u>\$26,620</u>	<u>\$482,206</u>

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

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Intergovernmental:					
State Subsidy	\$7,574				\$7,574
PHEP Grant	85,967				85,967
Special Projects	6,475				6,475
Property Taxes	591,035				591,035
Inspection Fees	22,944				22,944
Permits	37,284	\$5,698			42,982
Other Fees	160,243	1,667			161,910
Licenses	1,207	81,634			82,841
Contractual Services	54,000				54,000
Miscellaneous	6,094	200			6,294
<i>Total Cash Receipts</i>	<u>972,823</u>	<u>89,199</u>	<u>\$0</u>	<u>\$0</u>	<u>1,062,022</u>
<b>Cash Disbursements</b>					
Current:					
Health:					
Salaries	577,115	54,129			631,244
Supplies	45,303	48			45,351
Remittances to State	36,410	8,990			45,400
Water Test Fee		1,397			1,397
Equipment	1,496				1,496
Contracts-Repair	5,374				5,374
Contracts- Services	20,503				20,503
Travel	17,222	2,951			20,173
Insurance	28,064				28,064
Utilities	36,854				36,854
Advertising & Printing	449				449
PERS	111,965	7,577			119,542
Workers' Compensation & DWR	7,974	499			8,473
Other	13,229	2,753			15,982
Debt Service:					
Principal			87,500		87,500
Interest			4,342		4,342
<i>Total Cash Disbursements</i>	<u>901,958</u>	<u>78,344</u>	<u>91,842</u>	<u>0</u>	<u>1,072,144</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>70,865</u>	<u>10,855</u>	<u>(91,842)</u>	<u>0</u>	<u>(10,122)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			16,788	20,000	36,788
Transfers Out	(36,788)				(36,788)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(36,788)</u>	<u>0</u>	<u>16,788</u>	<u>20,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	34,077	10,855	(75,054)	20,000	(10,122)
<i>Fund Cash Balances, January 1</i>	<u>340,382</u>	<u>50,537</u>	<u>75,054</u>	<u>0</u>	<u>465,973</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	61,392	0	20,000	81,392
Assigned	607	0	0	0	607
Unassigned (Deficit)	373,852	0	0	0	373,852
<i>Fund Cash Balances, December 31</i>	<u>\$374,459</u>	<u>\$61,392</u>	<u>\$0</u>	<u>\$20,000</u>	<u>\$455,851</u>

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



**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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, 2012 AND 2011  
(Continued)**

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

**3. Capital Project Fund**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**4. 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 2012 and 2011 budgetary activity appears in Note 2.

**F. Fund Balance**

The District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

**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 amend 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.

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

**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.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$922,235	\$976,240	\$54,005
Special Revenue	68,933	53,405	(15,528)
Capital Projects	20,000	20,000	0
Total	\$1,011,168	\$1,049,645	\$38,477

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,296,694	\$924,386	\$372,308
Special Revenue	130,253	86,047	44,206
Capital Projects	40,000	13,380	26,620
Total	\$1,466,947	\$1,023,813	\$443,134

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$885,201	\$972,823	\$87,622
Special Revenue	78,303	89,199	10,896
Capital Projects	20,000	20,000	0
Debt Service	16,788	16,788	0
Total	\$1,000,292	\$1,098,810	\$98,518

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$973,981	\$939,353	\$34,628
Special Revenue	100,385	78,530	21,855
Capital Projects	20,000	0	20,000
Debt Service	91,842	91,842	0
Total	\$1,186,208	\$1,109,725	\$76,483

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(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.

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 \$728,239 in 2012 and \$691,051 in 2011. 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 2012 and 2011, OPERS members contributed and 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, 2012.

**5. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- 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, 2011, the District paid off the total amount of \$87,500 due to the Highland County Commissioners for principal on the County Building Improvement Bonds.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 Street  
Hillsboro, Ohio 45133

To the District Board of Trustees:

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 Highland County General Health District, Highland County, Ohio (the District), as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 23, 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.

### ***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.

### ***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*.

***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.

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

April 23, 2013





# 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 14, 2013