



Mary Taylor, CPA  
Auditor of State



**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

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Mary Taylor, CPA  
Auditor of State

General Health District  
Noble County  
44069 Marietta Road  
Caldwell, Ohio 43724

To the District 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

June 15, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

General Health District  
Noble County  
44069 Marietta Road  
Caldwell, Ohio 43724

To the District Board of Health:

We have audited the accompanying financial statement of the General Health District, Noble County, Ohio (the Health District), as of and for the year ended December 31, 2009. This financial statement is the responsibility of the Health District's management. Our responsibility is to express an opinion on this financial statement 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 statement. 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 1B, the Health District has prepared this financial statement 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 statement presents, 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 statement referred to above for the year ended December 31, 2009 does 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, 2009, or its changes in financial for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the General Health District, Noble County, Ohio, as of December 31, 2009, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1B describes.

The Health 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 June 15, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

June 15, 2010

**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$147,896			\$147,896
Federal Awards		\$491,497		\$491,497
Intergovernmental	26,372	3,021		29,393
Charges for Services	97,390	714,071		811,461
Licenses and Permits	3,008	57,006		60,014
Other Receipts	9,298		\$120	9,418
<b>Total Cash Receipts</b>	<u>283,964</u>	<u>1,265,595</u>	<u>120</u>	<u>1,549,679</u>
<b>Cash Disbursements:</b>				
Salaries	125,659	822,924		948,583
Supplies	16,104	38,533	99	54,736
Remittances to State	4,244	10,677		14,921
Equipment	2,903	19,877		22,780
Contracts - Services	100,471	128,277		228,748
Travel	1,629	39,202		40,831
Medicare	1,414	10,163		11,577
Insurance	11,563	79,047		90,610
Public Employee's Retirement	17,953	110,108		128,061
Worker's Compensation	3,914	12,162		16,076
Other Expenses	3,077	12,600		15,677
<b>Total Cash Disbursements</b>	<u>288,931</u>	<u>1,283,570</u>	<u>99</u>	<u>1,572,600</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(4,967)</u>	<u>(17,975)</u>	<u>21</u>	<u>(22,921)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Advances-In	139,525	139,800		279,325
Advances-Out	(139,800)	(139,525)		(279,325)
Other Sources			126,022	126,022
Other Uses			(127,908)	(127,908)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(275)</u>	<u>275</u>	<u>(1,886)</u>	<u>(1,886)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(5,242)</u>	<u>(17,700)</u>	<u>(1,865)</u>	<u>(24,807)</u>
<b>Fund Cash Balances, January 1</b>	<u>14,566</u>	<u>156,735</u>	<u>2,180</u>	<u>173,481</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$9,324</u></u>	<u><u>\$139,035</u></u>	<u><u>\$315</u></u>	<u><u>\$148,674</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$1,900</u></u>	<u><u>\$9,541</u></u>	<u><u>\$200</u></u>	<u><u>\$11,641</u></u>

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

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**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 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 General Health District, Noble County (the Health District), as a body corporate and politic. A five-member District Board of Health and a Health Commissioner govern the Health District. The Health District's services include communicable disease investigations, home health, issuing birth and death certificates, immunization clinics, inspections, public health nursing services and issuing health-related licenses and permits.

The Health District's management believes this financial statement presents all activities for which the Health District is financially accountable.

**B. Basis of Accounting**

This financial statement follows the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash**

As required by Ohio Revised Code, the Noble County Treasurer is custodian for the Health District's cash. The County's cash and investment pool holds the Health District's assets, valued at the County 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:

*Women, Infants, and Children (WIC) Fund* - This receives federal money passed through the Ohio Department of Health to operate the Special Supplemental Nutrition Program.

**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Home Health Nursing Services (HH) Fund* - This fund receives fees for services from Medicare, Medicaid, other agencies and insurance companies for providing home health visits to residents of Noble County and adjoining counties.

*Clinical Services Fund* - This fund receives fees for services from Medicare, Medicaid, other agencies, insurance companies and private pay for providing medical services within the confines of the clinic to residents and non-residents of Noble County.

*Public Health Infrastructure Fund (PHI)* - This fund receives federal grant money passed through Ohio Department of Health to increase public health emergency response and planning services for Noble County.

*Help Me Grow Fund (HMG)* - This fund receives charges for services from contracts with other agencies to provide services for children of Noble County.

*Breast and Cervical Cancer Project (BCCP)* - This fund receives federal grant money passed through the Ohio Department of Health for the recruitment of age and income eligible women from a ten county region, to receive breast and cervical cancer screening and the case management of those women recruited.

**3. Fiduciary Funds (Agency Funds)**

These funds account for resources restricted by legally binding trust agreements and funds for which the Health District is acting in an agency capacity. The Health District had the following significant Fiduciary Fund:

*Health Insurance Fund* – This Agency Fund receives employee deductions and the employer share for health care and life insurance premiums.

**E. Budgetary Process**

The Ohio Revised Code requires the Health District to budget each fund annually (except certain agency funds).

**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 Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end. The Health District does not budget for Advances or Other Financing Disbursements in the Agency Fund.

**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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. The Health District does not budget for Advances or Other Financing Receipts in the Agency Fund.

**3. Encumbrances**

The Ohio Revised Code requires the Health District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The Health District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2009 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$270,678	\$283,964	\$13,286
Special Revenue	1,283,442	1,265,595	(17,847)
Fiduciary	270	120	(150)
Total	\$1,554,390	\$1,549,679	(\$4,711)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$312,929	\$290,831	\$22,098
Special Revenue	1,321,600	1,293,111	28,489
Fiduciary	400	99	301
Total	\$1,634,929	\$1,584,041	\$50,888

**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2009  
(Continued)**

**3. PROPERTY TAXES**

The Noble County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the Health District with sufficient funds for health programs. This relieves the townships and villages of Noble County of the costs of operating the Health District. The financial statement presents these amounts as property taxes. The levy generated \$147,896 in 2009.

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

**4. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2009, OPERS members contributed 10 percent of their gross salaries. The Health District contributed an amount equal to 14 percent of participants' gross salaries. The Health District has paid all contributions required through December 31, 2009.

**5. RISK MANAGEMENT**

The Health District is exposed to various risks of property and casualty losses, and injuries to employees.

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2009  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Health District's share of these unpaid claims collectible in future years is approximately \$5,000.

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

<b><u>Contributions to PEP</u></b>	
2007	\$5,794
2008	\$4,200
2009	\$4,762

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

**GENERAL HEALTH DISTRICT  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2009  
(Continued)**

**6. CONTINGENT LIABILITIES**

Management is not aware of any pending litigation against the Health District.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, the management believes such refunds, if any, would not be material.



# Mary Taylor, CPA

Auditor of State

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

General Health District  
Noble County  
44069 Marietta Road  
Caldwell, Ohio 43724

To the District Board of Health:

We have audited the financial statement of the General Health District, Noble County, Ohio (the Health District), as of and for the year ended December 31, 2009, and have issued our report thereon dated June 15, 2010, wherein we noted the Health District prepared its financial statement using accounting practices the Auditor of State prescribes or permits 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 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 statement, 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 intend this report solely for the information and use of the management, District Board of Health and others within the Health District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 15, 2010



Mary Taylor, CPA  
Auditor of State

**GENERAL HEALTH DISTRICT**

**NOBLE 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  
JULY 13, 2010**