



Dave Yost • Auditor of State

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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Dave Yost • Auditor of State

Logan County Health District
Logan County
310 South Main Street
Bellefontaine, Ohio 43311

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

May 19, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Logan County Health District
Logan County
310 South Main Street
Bellefontaine, Ohio 43311

To the Members of the Board:

We have audited the accompanying financial statements of Logan County Health District, Logan County (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 requires 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 Logan County Health District, Logan 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 19, 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 19, 2011

**LOGAN COUNTY HEALTH DISTRICT
LOGAN 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:			
Federal awards		\$458,827	\$458,827
Intergovernmental	\$669,659		669,659
Inspection fees	25	900	925
Permits	40,368	27,138	67,506
Other fees	147,550	35,203	182,753
Licenses		104,833	104,833
Charges for Services	6,350	593,778	600,128
Contractual services	50,000		50,000
Other receipts	743	528	1,271
Total Cash Receipts	<u>914,695</u>	<u>1,221,207</u>	<u>2,135,902</u>
Cash Disbursements:			
Salaries	475,747	622,465	1,098,212
Supplies	35,348	33,577	68,925
Remittances to State	49,415	274,367	323,782
Equipment	6,024	24,287	30,311
Contracts - Repair	7,683	588	8,271
Contracts - Services	57,141	156,842	213,983
Travel	15,819	24,432	40,251
Advertising and printing	695		695
Public employee's retirement	63,229	82,819	146,048
Worker's compensation	9,971	8,408	18,379
Hospital/Life Insurance	57,189	86,611	143,800
Other	10,208	4,469	14,677
Capital Outlay		6,168	6,168
Debt Service:			
Principal	10,750	13,000	23,750
Interest	14,962		14,962
Total Disbursements	<u>814,181</u>	<u>1,338,033</u>	<u>2,152,214</u>
Total Receipts Over/(Under) Disbursements	100,514	(116,826)	(16,312)
Other Financing Receipts/(Disbursements):			
Advances-In		15,000	15,000
Advances-Out	(15,000)		(15,000)
Reimbursements	4,285		4,285
Total Other Financing Receipts/(Disbursements)	<u>(10,715)</u>	<u>15,000</u>	<u>4,285</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	89,799	(101,826)	(12,027)
Fund Cash Balances, January 1	<u>674,501</u>	<u>846,796</u>	<u>1,521,297</u>
Fund Cash Balances, December 31	<u>\$764,300</u>	<u>\$744,970</u>	<u>\$1,509,270</u>
Reserves for Encumbrances, December 31	<u>\$27,949</u>	<u>\$32,133</u>	<u>\$60,082</u>

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

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards		\$356,662	\$356,662
Intergovernmental	\$674,732		674,732
Inspection fees		2,850	2,850
Permits	33,290	27,955	61,245
Other fees	156,457	38,049	194,506
Licenses		159,770	159,770
Charges for Services	5,560	745,161	750,721
Contractual services	60,160		60,160
Other receipts	3,379	724	4,103
Total Cash Receipts	<u>933,578</u>	<u>1,331,171</u>	<u>2,264,749</u>
Cash Disbursements:			
Salaries	504,404	592,707	1,097,111
Supplies	45,304	38,371	83,675
Remittances to State	34,342	93,553	127,895
Equipment	3,164	7,922	11,086
Contracts - Repair	4,853		4,853
Contracts - Services	45,008	144,494	189,502
Travel	15,108	23,308	38,416
Utilities and rentals	1,257		1,257
Advertising and printing	516		516
Public employee's retirement	69,307	79,918	149,225
Worker's compensation	13,659	8,155	21,814
Hospital/Life Insurance	49,460	76,998	126,458
Unemployment Compensation	10,189		10,189
Other	28,707	15,778	44,485
Debt Service:			
Principal	23,750		23,750
Interest	16,209		16,209
Total Disbursements	<u>865,237</u>	<u>1,081,204</u>	<u>1,946,441</u>
Total Receipts(Under) Disbursements	68,341	249,967	318,308
Other Financing Receipts/(Disbursements):			
Advances-In	12,100	24,600	36,700
Advances-Out	(24,600)	(12,100)	(36,700)
Reimbursements	3,225		3,225
Total Other Financing Receipts/(Disbursements)	<u>(9,275)</u>	<u>12,500</u>	<u>3,225</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	59,066	262,467	321,533
Fund Cash Balances, January 1	<u>615,435</u>	<u>584,329</u>	<u>1,199,764</u>
Fund Cash Balances, December 31	<u>\$674,501</u>	<u>\$846,796</u>	<u>\$1,521,297</u>
Reserves for Encumbrances, December 31	<u>\$64,892</u>	<u>\$62,927</u>	<u>\$127,819</u>

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

**LOGAN COUNTY HEALTH DISTRICT
LOGAN 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 Logan County Health District, Logan County, (the District) as a body corporate and politic. A six-member Board and a Health Commissioner govern the District. 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. Basis of Accounting

These financial statements follow the basis of accounting 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. Cash

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

Public Home Nursing Services (PHNF) Fund - This fund receives fees for providing home nursing services to elderly and home bound persons.

Public Infrastructure Fund- this fund receives Federal grant money used to address bioterrorism, other outbreaks of communicable diseases, and other public health threats and emergencies at the county and regional public health level.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

The Ohio Revised Code requires the 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.

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 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.

2. BUDGETARY ACTIVITY

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

	2010 Budgeted vs. Actual Receipts		
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$755,200	\$918,980	\$163,780
Special Revenue	1,460,210	1,236,207	(224,003)
Total	\$2,215,410	\$2,155,187	(\$60,223)

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$963,775	\$857,130	\$106,645
Special Revenue	1,470,023	1,370,166	99,857
Total	<u>\$2,433,798</u>	<u>\$2,227,296</u>	<u>\$206,502</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$797,060	\$948,903	\$151,843
Special Revenue	1,145,463	1,355,771	210,308
Total	<u>\$1,942,523</u>	<u>\$2,304,674</u>	<u>\$362,151</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,095,625	\$954,729	\$ 140,896
Special Revenue	1,268,363	1,156,231	112,132
Total	<u>\$2,363,988</u>	<u>\$2,110,960</u>	<u>\$253,028</u>

3. INTERGOVERNMENTAL FUNDING

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

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, members of OPERS participants contributed 10 percent of their wages. The District contributed an amount equal to 14 percent of their wages to OPERS for 2010 and 2009. The District has paid all contributions required through December 31, 2010.

5. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during 2010 and 2009 were as follows:

	Balance at 1/1/2009	Additions	Deductions	Balance at 12/31/2010
Building Purchase Loan with Logan County Commissioners	<u>\$308,750</u>	<u>\$0</u>	<u>\$47,500</u>	<u>\$261,250</u>

On January 9, 2001, the Logan County Commissioners agreed to loan the funds necessary for the purchase of the District Board of Health office facility to the District.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

6. RISK MANAGEMENT

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

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

The 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, 2009, PEP retained \$350,000 for casualty claims and \$150,000 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.

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Government's share of these unpaid claims collectible in future years is approximately \$4,148.

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.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

6. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
<u>2009</u>	<u>2010</u>
<u>\$5,577</u>	<u>\$4,466</u>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to 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.

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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*

Logan County Health District
Logan County
310 South Main Street
Bellefontaine, Ohio 43311

To the Members of the Board:

We have audited the financial statements of the Logan County Health District, Logan County, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 19, 2011, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions 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*.

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Logan County Health District
Logan County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, Members of the Board, and others within the District. It is not intended for anyone 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 19, 2011



Dave Yost • Auditor of State

LOGAN COUNTY BOARD OF HEALTH

LOGAN 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
JUNE 21, 2011