



Dave Yost • Auditor of State



**GENERAL HEALTH DISTRICT  
PIKE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

General Health District  
Pike County  
14050 US Route 23 North  
Waverly, Ohio 45690

To the Members of the Board:

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

We have audited the accompanying financial statements and related notes of the General Health District, Pike County, Ohio (the District), as of and for the years 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 designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements 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 the audit evidence we obtained is sufficient and appropriate to support 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 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, to satisfy requirements. 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 presumed to be 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 years 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 the General Health District, Pike County, Ohio, 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 1F to the financial statements, during 2011 the 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 July 18, 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

Columbus, Ohio

July 18, 2013

**GENERAL HEALTH DISTRICT  
PIKE 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services		\$54,769	\$54,769
Fines, Licenses and Permits	\$111,980	50,570	162,550
Intergovernmental	396,773	140,672	537,445
Other	9,500		9,500
<i>Total Cash Receipts</i>	<u>518,253</u>	<u>246,011</u>	<u>764,264</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	268,328	18,486	286,814
Fringe Benefits	133,133	62,267	195,400
Supplies	12,787	118,767	131,554
Equipment	1,249	16,464	17,713
Contract Services	46,472	35,179	81,651
Remittance to State		67,587	67,587
Other	61,861	45,487	107,348
Debt Service:			
Principal Retirement	47,247		47,247
Interest and Fiscal Charges	9,469		9,469
<i>Total Cash Disbursements</i>	<u>580,546</u>	<u>364,237</u>	<u>944,783</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(62,293)</u>	<u>(118,226)</u>	<u>(180,519)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		51,225	51,225
Transfers Out	(51,225)		(51,225)
Advances In	51,225	4,725	55,950
Advances Out	(4,725)	(51,225)	(55,950)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,725)</u>	<u>4,725</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(67,018)	(113,501)	(180,519)
<i>Fund Cash Balances, January 1</i>	<u>361,622</u>	<u>584,362</u>	<u>945,984</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		470,861	470,861
Assigned	3,710		3,710
Unassigned (Deficit)	290,894		290,894
<i>Fund Cash Balances, December 31</i>	<u>\$294,604</u>	<u>\$470,861</u>	<u>\$765,465</u>

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

**GENERAL HEALTH DISTRICT  
PIKE 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services		\$620,706	\$620,706
Fines, Licenses and Permits	\$71,122	203,232	274,354
Intergovernmental	335,365	151,334	486,699
Other	10,785	197	10,982
<i>Total Cash Receipts</i>	<u>417,272</u>	<u>975,469</u>	<u>1,392,741</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	158,753	485,595	644,348
Fringe Benefits	85,695	196,448	282,143
Supplies	11,568	20,853	32,421
Equipment	9,669	39,865	49,534
Contract Services	17,143	114,085	131,228
Remittance to State		80,167	80,167
Other	68,378	73,641	142,019
Debt Service:			
Principal Retirement	44,998		44,998
Interest and Fiscal Charges	11,273		11,273
<i>Total Cash Disbursements</i>	<u>407,477</u>	<u>1,010,654</u>	<u>1,418,131</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,795</u>	<u>(35,185)</u>	<u>(25,390)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	50,000	100,000	150,000
Advances Out	(100,000)	(50,000)	(150,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(40,205)	14,815	(25,390)
<i>Fund Cash Balances, January 1</i>	<u>401,827</u>	<u>569,547</u>	<u>971,374</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		584,362	584,362
Assigned	4,976		4,976
Unassigned (Deficit)	356,646		356,646
<i>Fund Cash Balances, December 31</i>	<u><u>\$361,622</u></u>	<u><u>\$584,362</u></u>	<u><u>\$945,984</u></u>

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



**GENERAL HEALTH DISTRICT  
PIKE 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 General Health District, Pike County (the District), as a body corporate and politic. A seven-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. 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 Pike 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:

Public Health Nursing Fund (PFNF) - This fund receives various fees to fund the public health nursing program.

**GENERAL HEALTH DISTRICT  
PIKE COUNTY**

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

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

**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**

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.

**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.

**GENERAL HEALTH DISTRICT  
PIKE COUNTY**

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

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

**F. Fund Balance (Continued)**

**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.

**GENERAL HEALTH DISTRICT  
PIKE 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	\$511,221	\$569,478	\$58,257
Special Revenue	286,128	301,961	15,833
Total	\$797,349	\$871,439	\$74,090

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$707,917	\$635,481	\$72,436
Special Revenue	452,162	368,431	83,731
Total	\$1,160,079	\$1,003,912	\$156,167

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$365,371	\$467,272	\$101,901
Special Revenue	1,025,650	1,075,469	49,819
Total	\$1,391,021	\$1,542,741	\$151,720

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$456,230	\$412,453	\$43,777
Special Revenue	1,211,501	1,022,614	188,887
Total	\$1,667,731	\$1,435,067	\$232,664

**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 \$194,575 in 2012 and \$188,078 in 2011. The financial statements present these amounts as intergovernmental receipts.

**GENERAL HEALTH DISTRICT  
PIKE COUNTY**

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

**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 include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2012.

**5. Risk Management**

The District is insured through Pike County, its fiscal agent. Pike County belongs to the County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool among sixty counties in Ohio. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

**6. Capital Lease**

The capital lease obligation relates to making improvements to the Health District Building. The District entered into this lease on May 1, 2006. As part of the agreement, Pike County, as lessor, contributed \$450,000 to the Board of Health Renovation Fund to make improvements to the Health District Building. Contractors were paid by the District as work progressed.

The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13. "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

A summary of the District's future principal and interest requirements as of December 31, 2012 follows:

Fiscal Year Ending December 31	Principal	Interest
2013	\$49,608	\$7,272
2014	52,092	4,965
2015	54,687	2,543
Totals	\$156,387	\$14,780

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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

General Health District  
Pike County  
14050 US Route 23, North  
Waverly, Ohio 45690

To the Members of the Board:

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 the General Health District, Pike County, Ohio (the District), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2013, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted the District has adopted Governmental Accounting Standards Board Statement No. 54.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2012-001 described in the accompanying Schedule of Findings to be a material weakness.

***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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 18, 2013



**GENERAL HEALTH DISTRICT  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2012-001**

**Material Weakness**

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

During 2011, we noted debt service principal of \$44,998 and interest of \$11,273 were not separately reported but were instead recorded as a transfer out of \$56,271. Inspection fees were posted as other revenue in the amount of \$51,582. Intergovernmental revenue was posted as other revenue in the amount of \$5,847.

During 2012, we noted debt service principal of \$47,247 and interest of \$9,469 were not separately reported but were instead recorded as a transfer out of \$56,716. Intergovernmental revenue of \$75,029, fines, license and permits of \$111,980 and other revenue of \$9,500 were incorrectly posted to charges for services. Intergovernmental revenue was posted as other revenue in the amount of \$5,900.

Additionally, in 2011, the fund balance was adjusted to be reflected as assigned for General Fund encumbrances and unassigned for the remaining General Fund balance as well as restricted for the Special Revenue fund balances in accordance with GASB54.

This causes the annual financial report to not provide accurate amounts in the revenue and expenditure classifications. The audited financial statements have been adjusted to reflect accurate revenue amounts.

We recommend the Fiscal Officer begin ensuring the above mentioned receipts and expenditures are recorded and reported in the proper classifications.

**Officials' Response:**

We did not receive a response from officials to the finding reported above.

**GENERAL HEALTH DISTRICT  
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-01	Ohio Rev. Code Section 5705.41(B) – expenditures exceeded appropriations	Yes	



# Dave Yost • Auditor of State

**GENERAL HEALTH DISTRICT**

**PIKE 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  
AUGUST 1, 2013**