

District Board of Health

Hocking County

Regular Audit

January 1, 2003 Through December 31, 2004

Fiscal Years Audited Under GAGAS: 2004 & 2003

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
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**Auditor of State  
Betty Montgomery**

Board of Health  
Hocking County District Board of Health  
132 Hocking Mall  
Logan, OH 43138

We have reviewed the *Independent Auditor's Report* of the Hocking County District Board of Health, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hocking County District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 17, 2005

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**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

District Board of Health  
Hocking County  
132 Hocking Mall  
Logan, Ohio 43138

We have audited the accompanying financial statements of the District Board of Health, Hocking County, (the District) as of and for the years ended December 31, 2004 and 2003. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, the government 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Government as of December 31, 2004, or its changes in financial positions of 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 the District Board of Health, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Independent Auditor's Report

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The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion & Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion & 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 August 22, 2005 on our consideration of the Government'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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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 cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

August 22, 2005



DISTRICT BOARD OF HEALTH  
HOCKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local taxes	\$ 400,462	\$ -	\$ -	\$ 400,462
Intergovernmental	146,824	637,160	-	783,984
Fines, licenses, and permits	71,950	255,815	-	327,765
Other Revenue	28,500	-	-	28,500
<b>Total Cash Receipts</b>	<b>647,736</b>	<b>892,975</b>	<b>-</b>	<b>1,540,711</b>
Cash Disbursements:				
Current:				
Salaries	238,949	443,628	-	682,577
Fringe Benefits		87,937		87,937
Supplies	42,601	40,273	-	82,874
Equipment	3,361	49,122	-	52,483
Contracts - Services and Repair	120,529	85,878	2,696	209,103
Telephone	5,072	5,094	-	10,166
Travel and Expenses	8,234	20,649	-	28,883
Advertising and Printing	244	171	-	415
Public Employees Retirement	73,435	15,952	-	89,387
Worker's Compensation	13,213	2,286	-	15,499
Medicare	7,061	1,531	-	8,592
Hospitalization	127,747	14,233	-	141,980
Life Insurance	1,166	258	-	1,424
Remittance to State	13,241	12,314	-	25,555
Other Expenses	12,027	71,999	-	84,026
<b>Total Cash Disbursements</b>	<b>666,880</b>	<b>851,325</b>	<b>2,696</b>	<b>1,520,901</b>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	(19,144)	41,650	(2,696)	19,810
Total Other Financing Sources/(Uses)				
Transfers-in	-	10,000	21,750	31,750
Transfers-out	(31,750)	-	-	(31,750)
<b>Total Other Financing Sources/(Uses)</b>	<b>(31,750)</b>	<b>10,000</b>	<b>21,750</b>	<b>-</b>
Excess of cash receipts and other financing Source Over/(Under) Cash Disbursements and Other Financing Uses	(50,894)	51,650	19,054	19,810
Fund Cash Balances January 1, 2004	161,706	208,222	6,380	376,308
Fund Cash Balances, December 31, 2004	<u>\$ 110,812</u>	<u>\$ 259,872</u>	<u>\$ 25,434</u>	<u>\$ 396,118</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ -</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 810</u>

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

DISTRICT BOARD OF HEALTH  
HOCKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local taxes	\$ 382,549	\$ -	\$ -	\$ 382,549
Intergovernmental	120,554	622,202	-	742,756
Fines, licenses, and permits	75,399	178,945	-	254,344
Charges for Services		167		167
Other Revenue	79,082	-	-	79,082
<b>Total Cash Receipts</b>	<b>657,584</b>	<b>801,314</b>	<b>-</b>	<b>1,458,898</b>
Cash Disbursements:				
Current:				
Salaries	177,568	420,701	-	598,269
Fringe Benefits		70,648	-	70,648
Supplies	54,062	81,969	-	136,031
Equipment	7,156	46,106	-	53,262
Contracts - Services and Repair	105,087	72,765	113,834	291,686
Telephone	5,489	4,778	-	10,267
Travel and Expenses	10,349	17,868	-	28,217
Advertising and Printing	563	375	-	938
Public Employees Retirement	79,244	19,936	-	99,180
Worker's Compensation	5,245	3,685	-	8,930
Medicare	7,684	2,205	-	9,889
Hospitalization	108,715	13,262	-	121,977
Life Insurance	1,560	249	-	1,809
Remittance to State	5,630	11,636	-	17,266
Other Expenses	5,620	76,138	-	81,758
<b>Total Cash Disbursements</b>	<b>573,972</b>	<b>842,321</b>	<b>113,834</b>	<b>1,530,127</b>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	83,612	(41,007)	(113,834)	(71,229)
Total Other Financing Sources/(Uses)				
Transfers-in	-	20,000	20,000	40,000
Transfers-out	(40,000)	-	-	(40,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>(40,000)</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
Excess of cash receipts and other financing Source Over/(Under) Cash Disbursements and Other Financing Uses	43,612	(21,007)	(93,834)	(71,229)
Fund Cash Balances January 1, 2003	118,094	229,229	100,214	447,537
Fund Cash Balances, December 31, 2003	\$ 161,706	\$ 208,222	\$ 6,380	\$ 376,308
Reserve for Encumbrances, December 31, 2003	\$ -	\$ -	\$ -	\$ -

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

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The District Board of Health, Hocking County (the District), is a general health district as defined by Ohio Revised Code Section 3709.07. The District is directed by an appointed five member board and an appointed Health Commissioner. The District's services include the inspection and licensing of food establishments, inspections of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash**

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are 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 is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

*Food Service Fund* – This fund receives monies from licenses issued to food service providers.

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

*Sewage Fund* – This fund receives fees for permits issued for the installation of septic systems.

*Women, Infants and Children (WIC) Fund* – This fund receives money to provide supplemental nutritious food and nutrition education as an adjunct to good health care to low-income persons in critical periods of growth and development.

*Tobacco Prevention* – This fund receives money to provide education towards tobacco intervention and prevention.

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The District had the following significant Capital Projects Fund:

*Public Health Contingency Fund* – This fund receives money from transfers from the General Fund to provide funds for capital improvements to the District's facilities and allow monies to be available for nuisance abatement.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted 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 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.

**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 2004 and 2003 budgetary activity appears in Note 2.

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under District's basis of accounting.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,000,200	\$ 647,736	\$ (352,464)
Special Revenue	782,622	902,975	120,353
Capital Projects	-	21,750	21,750
Total	\$ 1,782,822	\$ 1,572,461	\$ (210,361)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,126,660	\$ 698,630	\$ 428,030
Special Revenue	975,499	852,135	123,364
Capital Projects	6,379	2,696	3,683
Total	\$ 2,108,538	\$ 1,553,461	\$ 555,077

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,020,434	\$ 657,584	\$ (362,850)
Special Revenue	748,512	821,314	72,802
Capital Projects	20,000	20,000	-
Total	1,788,946	1,498,898	(290,048)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,153,454	\$ 613,972	\$ 539,482
Special Revenue	954,331	842,321	112,010
Capital Projects	120,214	113,834	6,380
Total	\$ 2,227,999	\$ 1,570,127	\$ 657,872

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statement as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**4. RETIREMENT SYSTEM**

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all employer contributions required through December 31, 2004.

**5. RISK MANAGEMENT**

The Hocking County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The District is covered by these policies.

**6. CONTINGENT LIABILITIES**

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, management believes such refunds, if any, would not be material.

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

District Board of Health  
Hocking County  
132 Hocking Mall  
Logan, Ohio 45661

We have audited the financial statements of the District Board of Health, Hocking County, Ohio (the District), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 22, 2005. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management and any federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

August 22, 2005







**Auditor of State  
Betty Montgomery**

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**HOCKING COUNTY DISTRICT BOARD OF HEALTH**

**HOCKING 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  
DECEMBER 1, 2005**