



Dave Yost • Auditor of State



**GENERAL HEALTH DISTRICT  
DARKE COUNTY**

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# Dave Yost • Auditor of State

General Health District  
Darke County  
300 Garst Avenue  
Greenville, Ohio 45331

To the 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.

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**Dave Yost**  
Auditor of State

May 2, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

General Health District  
Darke County  
300 Garst Avenue  
Greenville, Ohio 45331

To the Board of Health:

We have audited the accompanying financial statements of the General Health District, Darke 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 require 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 the General Health District, Darke 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 2, 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 2, 2011



**GENERAL HEALTH DISTRICT  
DARKE 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>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Awards	\$16,040	\$495,467	\$511,507
Intergovernmental	314,510	43,897	358,407
Permits	41,322	52,463	93,785
Other Fees	276,279	12,639	288,918
Licenses	13,130	141,066	154,196
Gifts and Donations		1,502	1,502
Miscellaneous	3,944	1,529	5,473
Total Cash Receipts	<u>665,225</u>	<u>748,563</u>	<u>1,413,788</u>
<b>Cash Disbursements:</b>			
<b>Current Disbursements:</b>			
<b>Health:</b>			
Salaries	362,951	425,145	788,096
PERS	50,817	61,823	112,640
Medicare and Insurance	56,245	53,145	109,390
Supplies	60,654	22,793	83,447
Remittances to State	40,721	21,195	61,916
Equipment		85,941	85,941
Training		1,872	1,872
Contracts - Services	11,972	20,077	32,049
Travel	2,485	3,781	6,266
Personal Services	30	260	290
Advertising and Printing	1,696	21	1,717
Workers Compensation	4,158	4,882	9,040
Unemployment		2,471	2,471
Other	35,973	30,757	66,730
Total Disbursements	<u>627,702</u>	<u>734,163</u>	<u>1,361,865</u>
Total Receipts Over/(Under) Disbursements	<u>37,523</u>	<u>14,400</u>	<u>51,923</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	10,000	10,000	20,000
Advances-Out	(10,000)	(10,000)	(20,000)
Reimbursements	1,580		1,580
Total Other Financing Receipts/(Disbursements)	<u>1,580</u>		<u>1,580</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,103	14,400	53,503
Fund Cash Balances, January 1	<u>142,546</u>	<u>305,422</u>	<u>447,968</u>
Fund Cash Balances, December 31	<u>\$181,649</u>	<u>\$319,822</u>	<u>\$501,471</u>
Reserves for Encumbrances, December 31	<u>\$4,474</u>	<u>\$1,669</u>	<u>\$6,143</u>

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

**GENERAL HEALTH DISTRICT  
DARKE 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>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Awards	\$23,590	\$465,226	\$488,816
Intergovernmental	267,132	31,897	299,029
Permits	31,084	45,616	76,700
Other Fees	314,920	11,348	326,268
Licenses	14,695	151,112	165,807
Gifts and Donations		3,951	3,951
Miscellaneous	834	1,120	1,954
Total Cash Receipts	<u>652,255</u>	<u>710,270</u>	<u>1,362,525</u>
<b>Cash Disbursements:</b>			
<b>Current Disbursements:</b>			
<b>Health:</b>			
Salaries	375,974	448,032	824,006
PERS	54,479	61,967	116,446
Medicaid and Insurance	61,559	55,200	116,759
Supplies	65,399	29,703	95,102
Remittances to State	30,887	19,196	50,083
Equipment		15,643	15,643
Training		3,806	3,806
Contracts - Services	17,862	11,525	29,387
Travel	2,599	1,221	3,820
Personal Services	6,749	16,508	23,257
Advertising and Printing	213		213
Workers Compensation	6,850	8,113	14,963
Unemployment	682	11,947	12,629
Other	27,148	15,459	42,607
Total Disbursements	<u>650,401</u>	<u>698,320</u>	<u>1,348,721</u>
Total Receipts Over/(Under) Disbursements	<u>1,854</u>	<u>11,950</u>	<u>13,804</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In		16,000	16,000
Advances-Out	(16,000)		(16,000)
Refunds	3,209	3,800	7,009
Reimbursements	983		983
Total Other Financing Receipts/(Disbursements)	<u>(11,808)</u>	<u>19,800</u>	<u>7,992</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,954)	31,750	21,796
Fund Cash Balances, January 1	<u>152,500</u>	<u>273,672</u>	<u>426,172</u>
Fund Cash Balances, December 31	<u>\$142,546</u>	<u>\$305,422</u>	<u>\$447,968</u>
Reserves for Encumbrances, December 31	<u>\$11,005</u>	<u>\$4,177</u>	<u>\$15,182</u>

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

**GENERAL HEALTH DISTRICT  
DARKE 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 General Health District, Darke County, (the District) as a body corporate and politic. A five-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 maintains direct fiscal control over the funds deposited with the Darke County Treasurer. The Darke County Auditor serves as the fiscal agent.

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 Darke 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 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 Funds:

**Health/Help Me Grow Fund** - This fund receives revenue from a grant to provide services for County residents.

**GENERAL HEALTH DISTRICT  
DARKE COUNTY**

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

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

**Public Health Emergency Response (PHER) H1N1 Fund** - This fund receives revenue from a grant to support and enhance local public health infrastructure that is critical to public health preparedness and response.

**Immunization Action Grant Fund** – This fund receives revenue from a grant to assist in providing immunization services for County residents.

**Public Health Emergency Preparedness Grant Fund** - This fund receives revenue from a grant to support and enhance local public health infrastructure that is critical to public health preparedness and response.

**Food Service Fund** - This fund receives revenue from the sale of licenses to prepare food for public consumption.

**Trailer Court Camps Fund** - This fund receives revenue from the sale of permits to trailer courts and campgrounds.

**Private Water Fund** - This fund receives revenue from well permits and the testing of water samples.

**Solid Waste Fund** - This fund receives the proceeds assessed by the County on the hauling of solid waste.

**Swimming Pools Fund** - This fund receives revenue from the sale of permits to swimming pools and bathing beaches.

**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 re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 2.

**GENERAL HEALTH DISTRICT  
DARKE COUNTY**

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

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

**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 ending December 31, 2010 and 2009 follows:

**2010 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 719,500	\$ 676,805	(\$ 42,695)
Special Revenue	849,607	758,563	(91,044)
Total	<u>\$1,569,107</u>	<u>\$1,435,368</u>	<u>(\$133,739)</u>

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 857,149	\$ 642,176	\$214,973
Special Revenue	1,149,158	745,832	403,326
Total	<u>\$2,006,307</u>	<u>\$1,388,008</u>	<u>\$618,299</u>

**2009 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 659,603	\$ 656,447	(\$ 3,156)
Special Revenue	778,460	730,070	(48,390)
Total	<u>\$1,438,063</u>	<u>\$1,386,517</u>	<u>(\$51,546)</u>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 812,103	\$ 677,406	\$134,697
Special Revenue	1,042,082	702,497	339,585
Total	<u>\$1,854,185</u>	<u>\$1,379,903</u>	<u>\$474,282</u>

**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.

**GENERAL HEALTH DISTRICT  
DARKE COUNTY**

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

**4. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, 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, 2010.

**5. 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	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

**GENERAL HEALTH DISTRICT  
DARKE COUNTY**

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

**5. RISK MANAGEMENT (Continued)**

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 District's share of these unpaid claims collectible in future years is approximately \$3,000.

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>Contributions to PEP</b>	
<b>2009</b>	<b>2008</b>
<u>\$3,117</u>	<u>\$3,860</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.

**6. 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

General Health District  
Darke County  
300 Garst Avenue  
Greenville, Ohio 45331

To the Board of Health:

We have audited the financial statements of the General Health District, Darke County, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 2, 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 opinion 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*.

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 2, 2011.

We intend this report solely for the information and use of management, the Board of Health, and others within the District. We intend it for no one 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 2, 2011



# Dave Yost • Auditor of State

**DARKE COUNTY GENERAL HEALTH DISTRICT**

**DARKE 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**