



Dave Yost • Auditor of State



**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

District Board of Health  
Hocking County  
350 State Route 664 N  
Logan, Ohio 43138

To the Board of Health:

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

We have audited the accompanying financial statements and related notes of the District Board of Health, Hocking 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 fairly 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.

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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 year 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 District Board of Health, Hocking County, 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 2 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 2, 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 2, 2013

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 522,757		\$	\$ 522,757
Intergovernmental	159,820	\$ 361,285		521,105
Charges for Services and Fees	94,548	176,660		271,208
Reimbursement from Internal Programs	7,688			7,688
<i>Total Cash Receipts</i>	<u>784,813</u>	<u>537,945</u>	<u>0</u>	<u>1,322,758</u>
<b>Cash Disbursements:</b>				
Salaries	366,496	321,332		687,828
Fringe Benefits		75,596		75,596
Supplies	58,132	22,514		80,646
Equipment	580	24,562		25,142
Contracts - Services and Repair	12,739	11,267	119,931	143,937
Telephone	3,963	2,384		6,347
Travel and Expenses	8,027	12,533		20,560
Advertising and Printing		142		142
Public Employee's Retirement	49,943	14,282		64,225
Worker's Compensation	6,185	907		7,092
Medicare	5,192	1,452		6,644
Hospitalization	52,553	7,190		59,743
Remittance to State	22,805	14,268		37,073
Rent and Utilities	62,387	69,643		132,030
Tire Grant	8,967			8,967
Auditor and Treasurer Fees	8,049			8,049
Other Expenses	3,000	10,117		13,117
<i>Total Cash Disbursements</i>	<u>669,018</u>	<u>588,189</u>	<u>119,931</u>	<u>1,377,138</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>115,795</u>	<u>(50,244)</u>	<u>(119,931)</u>	<u>(54,380)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		24,000	80,000	104,000
Transfers Out	(104,000)			(104,000)
Proceeds from the Sale of Assets			14,250	14,250
Advances-In	33,000	36,000		69,000
Advances-Out	(36,000)	(33,000)		(69,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(107,000)</u>	<u>27,000</u>	<u>94,250</u>	<u>14,250</u>
<i>Net Change in Fund Cash Balances</i>	8,795	(23,244)	(25,681)	(40,130)
<i>Fund Cash Balances, January 1</i>	<u>468,134</u>	<u>225,903</u>	<u>238,749</u>	<u>932,786</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable				0
Restricted		202,659		202,659
Committed				0
Assigned			213,068	213,068
Unassigned (Deficit)	476,929			476,929
<i>Fund Cash Balances, December 31</i>	<u>\$ 476,929</u>	<u>\$ 202,659</u>	<u>\$ 213,068</u>	<u>\$ 892,656</u>

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

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 523,881		\$	\$ 523,881
Intergovernmental	187,347	\$ 455,257		642,604
Charges for Services and Fees	98,997	170,576		269,573
Reimbursement from Internal Programs	10,720			10,720
<i>Total Cash Receipts</i>	<u>820,945</u>	<u>625,833</u>	<u>0</u>	<u>1,446,778</u>
<b>Cash Disbursements:</b>				
Salaries	403,784	358,336		762,120
Fringe Benefits		77,199		77,199
Supplies	43,856	62,439		106,295
Equipment	30	8,908		8,938
Contracts - Services and Repair	27,478	21,946	550	49,974
Telephone	4,249	2,366		6,615
Travel and Expenses	7,960	14,526		22,486
Advertising and Printing		82		82
Public Employee's Retirement	53,608	12,352		65,960
Worker's Compensation	7,559	1,569		9,128
Medicare	5,788	1,242		7,030
Hospitalization	42,454	7,549		50,003
Remittance to State	22,205	15,099		37,304
Rent and Utilities	22,530	57,197		79,727
Auditor and Treasurer Fees	17,720			17,720
Other Expenses	2,023	13,522		15,545
<i>Total Cash Disbursements</i>	<u>661,244</u>	<u>654,332</u>	<u>550</u>	<u>1,316,126</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>159,701</u>	<u>(28,499)</u>	<u>(550)</u>	<u>130,652</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	15,300	4,000		19,300
Transfers Out	(4,000)	(15,300)		(19,300)
Proceeds from the Sale of Assets			57,000	57,000
Advances-In	40,750	40,750		81,500
Advances-Out	(40,750)	(40,750)		(81,500)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>11,300</u>	<u>(11,300)</u>	<u>57,000</u>	<u>57,000</u>
<i>Net Change in Fund Cash Balances</i>	171,001	(39,799)	56,450	187,652
<i>Fund Cash Balances, January 1</i>	<u>297,133</u>	<u>265,702</u>	<u>182,299</u>	<u>745,134</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable				0
Restricted		225,903		225,903
Committed				0
Assigned			238,749	238,749
Unassigned (Deficit)	468,134			468,134
<i>Fund Cash Balances, December 31</i>	<u>\$ 468,134</u>	<u>\$ 225,903</u>	<u>\$ 238,749</u>	<u>\$ 932,786</u>

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, 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 District Board of Health, Hocking County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include 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. 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 Hocking 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 Infrastructure Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

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

**D. Fund Accounting (Continued)**

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

Women, Infants and Children (WIC) Grant 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.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project 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 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 2.

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

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

**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.

**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.

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

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

**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.

**2. Change in Accounting Principle and Restatement of Net Assets/Fund**

For fiscal year 2011, the District reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$743,465	\$817,813	\$74,348
Special Revenue	566,537	597,945	31,408
Capital Projects	28,500	94,250	65,750
Total	\$1,338,502	\$1,510,008	\$171,506

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$896,440	\$809,018	\$87,422
Special Revenue	682,409	621,189	61,220
Capital Projects	268,799	119,931	148,868
Total	\$1,847,648	\$1,550,138	\$297,510

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$591,050	\$876,995	\$285,945
Special Revenue	576,127	670,583	94,456
Capital Projects	28,500	57,000	28,500
Total	\$1,195,677	\$1,604,578	\$408,901

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

**3. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$838,951	\$705,994	\$132,957
Special Revenue	834,646	710,382	124,264
Capital Projects	210,799	550	210,249
Total	\$1,884,396	\$1,416,926	\$467,470

**4. 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.

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the County Commissioners adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

**6. 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 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.

**7. 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. Real property and contents are 90% coinsured. The District is covered by these policies

**DISTRICT BOARD OF HEALTH  
HOCKING COUNTY**

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

**8. Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.



# 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*

District Board of Health  
Hocking County  
350 State Route 664 N  
Logan, Ohio 43138

To the Board of Health:

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 District Board of Health, Hocking 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 2, 2013.

### ***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.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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.

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

Columbus, Ohio

July 2, 2013





# Dave Yost • Auditor of State

**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  
JULY 18, 2013**