



Dave Yost • Auditor of State

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Logan County Health District, Logan 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 accounting principles generally accepted in the United States of America. This responsibility includes the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 B of the financial statements, the District prepared these financial statements using the cash accounting basis. However, Ohio Administrative Code Section 117-2-03 requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably 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 Logan County Health District as of December 31, 2012 and 2011, or the 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 Logan County Health District, Logan 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 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Logan County Health 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.

As described in Note 8, the District restated its balances as of January 1, 2011.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 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

June 11, 2013

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Federal Awards		\$344,173	\$344,173
Intergovernmental	\$508,555		508,555
Inspection Fees		1,425	1,425
Permits	39,719	32,155	
Other Fees	142,822	34,937	177,759
Licenses		150,092	150,092
Charges for Services	8,860	702,606	711,466
Contractual Services	56,250		56,250
Other Receipts	779	905	1,684
Total Cash Receipts	<u>756,985</u>	<u>1,266,293</u>	<u>1,951,404</u>
Cash Disbursements			
Salaries	493,313	663,078	1,156,391
Medicare	6,218	7,671	13,889
Supplies	31,579	44,125	75,704
Remittances to State	40,896	126,164	167,060
Equipment	1,097	17,764	18,861
Contracts- Services	61,696		61,696
Contracts - Repair	5,892	204,492	210,384
Travel	16,393	22,420	38,813
Utilities and Rentals		80	80
Advertising and Printing	112		112
Public Employee's Retirement	68,751	89,171	157,922
Worker's Compensation	7,852	10,542	18,394
Hospital/Life Insurance	75,362	94,814	170,176
Other	31,411	6,406	37,817
Capital Outlay			
Debt Service:			
Principal Retirement	23,750		23,750
Interest and Fiscal Charges	10,094		10,094
Total Cash Disbursements	<u>874,416</u>	<u>1,286,727</u>	<u>2,161,143</u>
Excess of Receipts Over (Under) Disbursements	<u>(117,431)</u>	<u>(20,434)</u>	<u>(209,739)</u>
Other Financing Receipts (Disbursements):			
Transfer In		9,094	9,094
Advance In	20,000	20,000	40,000
Reimbursements	3,218		3,218
Refunds		80	80
Transfers Out		(9,094)	(9,094)
Advance Out	(20,000)	(20,000)	(40,000)
Total Other Financing Receipts (Disbursements)	<u>3,218</u>	<u>80</u>	<u>3,298</u>
Net Change in Fund Cash Balances	(114,213)	(20,354)	(134,567)
Fund Cash Balances, January 1	<u>654,305</u>	<u>858,138</u>	<u>1,512,443</u>
Fund Cash Balances, December 31:			
Non-spendable			
Restricted	56,250	369,646	425,896
Committed		468,138	468,138
Assigned	246,530		246,530
Unassigned (Deficit)	237,312		237,312
Fund Cash Balances, December 31	<u>\$540,092</u>	<u>\$837,784</u>	<u>\$1,377,876</u>

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

**LOGAN COUNTY HEALTH DISTRICT
LOGAN 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)
Cash Receipts:			
Federal Awards		\$330,847	\$330,847
Intergovernmental	\$513,599		513,599
Inspection Fees		4,237	4,237
Permits	46,682	26,061	
Other Fees	133,507	30,194	163,701
Licenses		222,731	222,731
Charges for Services	9,020	662,322	671,342
Contractual Services	50,000		50,000
Other Receipts	3,982	504	4,486
Total Cash Receipts	<u>756,790</u>	<u>1,276,896</u>	<u>1,960,943</u>
Cash Disbursements:			
Salaries	479,567	635,191	1,114,758
Medicare	6,096	7,343	13,439
Supplies	73,982	33,986	107,968
Remittances to State	43,817	132,159	175,976
Equipment	5,988	16,082	22,070
Contracts- Service	32,814		32,814
Contracts - Repair	4,335	175,461	179,796
Travel	15,227	23,876	39,103
Advertising and Printing	505		505
Public Employee's Retirement	65,936	89,566	155,502
Worker's Compensation	9,135	6,433	15,568
Hospital/Life Insurance	64,084	85,275	149,359
Other	11,849	5,649	17,498
Debt Service:			
Principal Retirement	23,750		23,750
Interest and Fiscal Charges	11,103		11,103
Total Cash Disbursements	<u>848,188</u>	<u>1,211,021</u>	<u>2,059,209</u>
Excess of Receipts Over (Under) Disbursements	(91,398)	65,875	(98,266)
Other Financing Receipts (Disbursements):			
Transfer In		16,860	16,860
Reimbursements	28,696		28,696
Transfers Out		(16,860)	(16,860)
Total Other Financing Receipts (Disbursements)	<u>28,696</u>	<u>(16,860)</u>	<u>28,696</u>
Net Change in Fund Cash Balances	(62,702)	65,875	3,173
Fund Cash Balances, January 1 (restated - Note 8)	<u>717,007</u>	<u>792,263</u>	<u>1,509,270</u>
Fund Cash Balances, December 31:			
Restricted	57,276	361,210	418,486
Committed		496,928	496,928
Assigned	166,735		166,735
Unassigned (Deficit)	430,294		430,294
Fund Cash Balances, December 31	<u>\$654,305</u>	<u>\$858,138</u>	<u>\$1,512,443</u>

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

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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 rights and privileges of the Logan County Health District, Logan County, (the District) as a body corporate and politic. A six-member Board and A health Commissioner govern the District. The District's services include communicable disease surveillance and investigation, immunization clinics, inspections, public health nursing services, and issuance of health-related licenses and permits, and maintenance of county birth and death records.

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 Logan 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:

Public Home Nursing Services Fund – This fund receives fees for providing home nursing services to elderly and homebound persons.

Women, Infants, and Children (WIC) Fund – This Federal grant fund accounts for the Special Supplemental Nutrition Program.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds).

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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 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 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. Non-spendable

The District classifies assets as *non-spendable* 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.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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	\$ 751,790	\$ 780,203	\$ 28,413
Special Revenue	1,200,919	1,295,467	94,548
Total	\$1,952,709	\$2,075,670	\$122,961

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 958,525	\$ 894,416	\$ 64,109
Special Revenue	1,357,486	1,315,821	41,665
Total	<u>\$2,316,011</u>	<u>\$2,210,237</u>	<u>\$105,774</u>

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 731,500	\$ 785,486	\$ 53,986
Special Revenue	1,221,075	1,293,756	72,681
Total	<u>\$1,952,575</u>	<u>\$2,079,242</u>	<u>\$126,667</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 966,629	\$ 848,188	\$118,441
Special Revenue	1,339,500	1,227,881	111,619
Total	<u>\$2,306,129</u>	<u>\$2,076,069</u>	<u>\$230,060</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.

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 percent of their wages. The District contributed an amount equal to 14 percent of their wages to OPERS for 2012 and 2011. The District has paid all contributions required through December 31, 2012.

5. LONG-TIME OBLIGATION

The change in the District's long-term obligations during 2012 and 2011 were as follows:

	Balance at 01/01/2011	Additions	Deductions	Balance at 12/31/2012
Building Purchase Loan with Logan County Commissioners	\$261,250	\$0	\$47,500	\$213,750

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

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

6. RISK MANAGEMENT

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

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. Members 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 the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. At December 31, 2011 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member.

Financial Position

PEP's financial statements (audited by other accountants) confirm with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available).

	2011	2010
Assets	\$33,362,404	\$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Net Assets	\$19,175,131	\$20,631,298

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 members governments in the future, as of December 21, 2011 and 2010, respectively. These amounts will be included in future contributions from members when related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$5,000.

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.

	2012	2011
Contributions to PEP	\$7,018	\$5,491

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

6. RISK MANAGEMENT (Continued)

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 future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. CONTINGENT LIABILITIES

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

8. RESTATEMENT OF FUND BALANCE

In 2002 Logan County financed an office building for the District and the District made annual debt payments to the County. From 2002 to 2010 portions of the debt payments were paid from the restricted special revenue fund, Public Health Nursing fund.

The restatement had the following effect on the fund balances of the General Fund and Special Revenue Fund Type:

	General Fund	Special Revenue	Total Governmental
Fund balance at December 31, 2010	\$764,300	\$744,970	\$1,509,270
Restatement	<u>(47,293)</u>	<u>47,293</u>	
Adjusted fund balance at December 31, 2010	\$717,007	\$792,263	\$1,509,270



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*

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

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 Logan County Health District, Logan County, (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 June 11, 2013, wherein we noted the District followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1 B. In addition, we noted that in 2011 the District adopted Governmental Accounting Standards Board Statement No. 54 and restated beginning balances.

Internal Control Over Financial Reporting

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 2012-01 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-02 described in the accompanying schedule of findings to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-01.

Entity's Response to Findings

The District's responses to the finding identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

June 11, 2013

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-01

Noncompliance/Material Weakness

Debt Payment

Ohio Rev. Code Section 3709.15 states the board of health of a city or general health district may provide nursing care and other therapeutic and supportive care services to maintain an ill or infirm person in a place of residence used as such person's home or elsewhere. The board shall charge and collect reasonable fees not to exceed the cost of service for such care from patients financially able to pay, or may accept payment for such services from persons or public or private agencies on behalf of the recipient, either directly or by contract with such persons or agencies. The fees shall be retained by the board and placed in a special fund to be known as the home health services fund, and shall be used by the board only for defraying the cost of personnel, equipment, supplies, rental of physical facilities including real property, utilities, and administrative costs in providing services under this section.

In 2002 the District purchased a building for office space. Logan County, the District's fiscal agent, financed the building and a debt agreement was made between the County and the District. Review of the annual debt payments noted that a portion of the payment was made from special revenue fund 066, the Public Health Nursing Fund, which was not an allowable use for this fund.

The District should review the debt agreements and payments made from this fund to provide all disbursements are for allowable purposes only. An adjustment was posted to the District's records to correct the improper payments, and the accompanying financial statements have also been adjusted.

Officials Response:

We concur with the auditor's findings. Future debt payments will be made entirely from the general fund.

FINDING NUMBER 2012-02

Significant Deficiency

Financial Statements - GASB 54 Presentation

Sound financial reporting is the responsibility of the Board and Management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Governmental Accounting Standards Board (GASB) Statement 54 was required to be implemented by the District for fiscal year December 31, 2011 financial statements. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The District did not implement GASB 54 presentation on its annual financial report. Not properly classifying fund balances could result in inaccurate financial reports being disseminated to the Board and any other financial statement readers. The fund balances have been reclassified on the accompanying financial statements.

FINDING NUMBER 2012-02 (continued)

The District should refer to Audit Bulletin 2011-004 for additional guidance related to the proper reporting of fund balances in accordance with GASB 54. In addition, the Board should review the financial statements and note disclosures to identify and correct errors and omissions.

Officials Response:

GASB 54 presentation which became effective in 2011 was not implemented on our financial statements for this audit period because we prepare our financial statements using the cash accounting basis as opposed to GAAP. For this reason, we were unaware the requirement to classify fund balances was pertinent.

Management will ensure that GASB 54 is implemented for subsequent audit years.



Dave Yost • Auditor of State

LOGAN COUNTY BOARD OF HEALTH

LOGAN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 9, 2013**