



**Auditor of State
Betty Montgomery**

**LOGAN COUNTY DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

To the Members of the Board:

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 a February 2, 2005 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 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.

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

Betty Montgomery
Auditor of State

August 1, 2005

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of Logan County District Board of Health (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 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.

Revisions to GAAP would 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 requires 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 this District does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

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 as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 August 1, 2005, 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 1, 2005

LOGAN 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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$710,213		\$710,213
Federal awards		233,349	233,349
Intergovernmental	122,398	25,126	147,524
Inspection fees	32,994		32,994
Permits	9,190	24,480	33,670
Other fees	125,191	11,390	136,581
Licenses	4,384		4,384
Charges for Services		510,906	510,906
Contractual services	81,989	148,273	230,262
Other receipts	9,838	1,210	11,048
Total Cash Receipts	<u>1,096,197</u>	<u>954,734</u>	<u>2,050,931</u>
Cash Disbursements:			
Salaries	651,718	562,775	1,214,493
Supplies	32,736	24,300	57,036
Remittances to State and Federal	31,331	79,410	110,741
Equipment	7,563	15,108	22,671
Contracts - Repair	29,099	1,066	30,165
Contracts - Services	44,708	145,723	190,431
Travel	25,107	18,256	43,363
Utilities	13,855	5,925	19,780
Advertising and printing	978		978
Public employee's retirement	86,331	56,816	143,147
Worker's compensation	10,763	6,035	16,798
Other	25,987	8,971	34,958
Debt Service:			
Principal	18,150	5,600	23,750
Interest	14,963		14,963
Total Cash Disbursements	<u>993,289</u>	<u>929,985</u>	<u>1,923,274</u>
Total Receipts Over Disbursements	<u>102,908</u>	<u>24,749</u>	<u>127,657</u>
Other Financing Receipts/(Disbursements):			
Advances-In		5,000	5,000
Advances-Out	(5,000)		(5,000)
Total Other Financing Receipts/(Disbursements)	<u>(5,000)</u>	<u>5,000</u>	
Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	97,908	29,749	127,657
Fund Cash Balances, January 1	<u>439,740</u>	<u>542,735</u>	<u>982,475</u>
Fund Cash Balances, December 31	<u>\$537,648</u>	<u>\$572,484</u>	<u>\$1,110,132</u>
Reserves for Encumbrances, December 31	<u>\$45,409</u>	<u>\$23,173</u>	<u>\$68,582</u>

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

**LOGAN COUNTY DISTRICT BOARD OF HEALTH
LOGAN 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$685,616		\$685,616
Federal Awards		220,790	220,790
Intergovernmental	121,232	28,023	149,255
Inspection fees	35,939		35,939
Permits	7,620	23,030	30,650
Other fees	114,545	13,151	127,696
Licenses	4,470	146,681	151,151
Charges for Services		483,275	483,275
Contractual services	77,543		77,543
Other receipts	13,652	1,179	14,831
Total Cash Receipts	<u>1,060,617</u>	<u>916,129</u>	<u>1,976,746</u>
Cash Disbursements:			
Salaries	643,359	531,399	1,174,758
Supplies	29,859	18,871	48,730
Remittances to State and Federal	14,716	78,407	93,123
Equipment	61,925	56,779	118,704
Contracts - Repair	29,838	1,301	31,139
Contracts - Services	58,526	136,358	194,884
Travel	25,310	18,486	43,796
Utilities	15,790	6,133	21,923
Advertising and printing	1,120		1,120
Public employee's retirement	85,464	50,958	136,422
Worker's compensation	13,561	6,030	19,591
Return of Federal Grant Proceeds		425	425
Other	19,875	15,400	35,275
Debt Service:			
Principal	18,150	5,600	23,750
Interest	13,537		13,537
Total Cash Disbursements	<u>1,031,030</u>	<u>926,147</u>	<u>1,957,177</u>
Total Receipts Over/(Under) Disbursements	29,587	(10,018)	19,569
Fund Cash Balances, January 1	<u>410,153</u>	<u>552,753</u>	<u>962,906</u>
Fund Cash Balances, December 31	<u><u>\$439,740</u></u>	<u><u>\$542,735</u></u>	<u><u>\$982,475</u></u>
Reserves for Encumbrances, December 31	<u><u>\$30,128</u></u>	<u><u>\$25,350</u></u>	<u><u>\$55,478</u></u>

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

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

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 Logan County District Board of Health (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 investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting 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 adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, 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 accounts for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

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

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

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,039,880	\$1,096,197	\$56,317
Special Revenue	883,868	954,734	70,866
Total	\$1,923,748	\$2,050,931	\$127,183

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,201,891	\$1,038,698	\$163,193
Special Revenue	1,018,766	953,158	65,608
Total	<u>\$2,220,657</u>	<u>\$1,991,856</u>	<u>\$228,801</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$972,110	\$1,060,617	\$88,507
Special Revenue	755,296	916,129	160,833
Total	<u>\$1,727,406</u>	<u>\$1,976,746</u>	<u>\$249,340</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,228,663	\$1,061,158	\$167,505
Special Revenue	993,923	951,497	42,426
Total	<u>\$2,222,586</u>	<u>\$2,012,655</u>	<u>\$209,931</u>

3. PROPERTY TAX

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$710,213 during 2004 and \$685,616 during 2003. The financial statements present these amounts as Local Taxes.

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

5. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during 2004 and 2003 were as follows:

	<u>Balance at December 31, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 2004</u>
Building Purchase Loan with Logan County Commissioners	\$451,250		\$47,500	\$403,750

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.

The District has indicated that their understanding of the loan agreement, via a letter from the Logan County Auditor, is that the interest rate for year 2003 is 3% and the interest rate for year 2004 is 3.5%. The letter indicated the interest rate will be reevaluated at the end of 2004, and thereafter as determined by the Logan County Commissioners. The final maturity date is December 2021.

Principal payments through 2021 and interest calculated only through year 2007 are presented in the following table:

<u>Calendar year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	23,750	16,150	39,900
2006	23,750	17,100	40,850
2007	23,750	16,031	39,781
2008	23,750		23,750
2009	23,750		23,750
2010–2014	118,750		118,750
2015–2019	118,750		118,750
2020–2121	47,500		47,500
Total	<u>\$403,750</u>	<u>\$49,281</u>	<u>\$453,031</u>

6. RISK MANAGEMENT

Risk Pool Membership

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. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

6. RISK MANAGEMENT (Continued)

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 local 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:

Casualty Coverage	2004	2003
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>
Property Coverage	2004	2003
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Members of the Board:

We have audited the financial statements of the Logan County District Board of Health (the "District") as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 1, 2005, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated August 1, 2005, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

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*.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Logan County District Board of Health
Logan County
Independent Accountants' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Members of the Board. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 1, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**DISTRICT 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
SEPTEMBER 20, 2005**