



Dave Yost • Auditor of State

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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Dave Yost • Auditor of State

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District 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 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

January 10, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District Board:

We have audited the accompanying financial statements of the Brown County District Board of Health, Brown County, Ohio (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 Brown County District Board of Health, Brown 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.

During 2009, the District changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

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 January 10, 2012, 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 initial "D".

Dave Yost
Auditor of State

January 10, 2012

**BROWN COUNTY GENERAL HEALTH DISTRICT
BROWN 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$157,523	\$232,336	\$389,859
Licenses, Permits, and Fees	102,358	156,615	258,973
Charges for Services	246,843	11,184	258,027
Miscellaneous	1,422	1,270	2,692
Total Cash Receipts	508,146	401,405	909,551
Cash Disbursements:			
Current Disbursements:			
Health:			
Salaries	123,478	202,655	326,133
Fringe Benefits	68,955	45,976	114,931
Supplies	24,421	101,991	126,412
Remittances to State	66,384	11,268	77,652
Equipment	0	10,608	10,608
Contracts - Services	7,362	41,432	48,794
Travel	5,329	6,270	11,599
Other	36,505	8,041	44,546
Total Disbursements	332,434	428,241	760,675
Total Receipts Over/(Under) Disbursements	175,712	(26,836)	148,876
Other Financing Receipts/(Disbursements):			
Advances-In	0	32,288	32,288
Advances-Out	(32,288)	0	(32,288)
Total Other Financing Receipts/(Disbursements)	(32,288)	32,288	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	143,424	5,452	148,876
Fund Cash Balances, January 1	58,371	138,160	196,531
Fund Cash Balances, December 31	\$201,795	\$143,612	\$345,407
Reserves for Encumbrances, December 31	\$11,647	\$954	\$12,601

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

**BROWN COUNTY GENERAL HEALTH DISTRICT
BROWN 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$33,007	\$169,411	\$202,418
Licenses, Permits, and Fees	107,742	166,170	273,912
Charges for Services	256,610	11,764	268,374
Miscellaneous	1,334	400	1,734
	<u>398,693</u>	<u>347,745</u>	<u>746,438</u>
Total Cash Receipts			
Cash Disbursements:			
Current Disbursements:			
Health:			
Salaries	156,731	168,105	324,836
Fringe Benefits	66,069	70,708	136,777
Supplies	32,102	30,153	62,255
Remittances to State	65,495	11,256	76,751
Equipment	0	7,743	7,743
Contracts - Services	10,234	43,171	53,405
Travel	5,176	7,732	12,908
Other	24,241	15,912	40,153
	<u>360,048</u>	<u>354,780</u>	<u>714,828</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>38,645</u>	<u>(7,035)</u>	<u>31,610</u>
Other Financing Receipts/(Disbursements):			
Advances-In	2,500	2,500	5,000
Advances-Out	(2,500)	(2,500)	(5,000)
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>38,645</u>	<u>(7,035)</u>	<u>31,610</u>
Fund Cash Balances, January 1	<u>19,726</u>	<u>145,195</u>	<u>164,921</u>
Fund Cash Balances, December 31	<u>\$58,371</u>	<u>\$138,160</u>	<u>\$196,531</u>
Reserves for Encumbrances, December 31	<u>\$3,939</u>	<u>\$11,324</u>	<u>\$15,263</u>

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

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN 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 Brown County District Board of Health, Brown 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 communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related and environmental licenses and permits. The Brown County Auditor serves as fiscal agent for the District and is responsible for fiscal control of the resources.

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 Brown 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:

Food Service Fund – This fund receives receipts for licenses and inspections of food service operations.

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

Public Health Infrastructure (PHI) Fund - This fund receives grant funds from the state to provide for the establishment of public health preparedness infrastructure to protect the county for disease outbreaks, bioterrorism and other health related emergencies.

Sewage Fund - This fund receives receipts for inspection and permits for household sewage disposal systems.

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 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 reappropriated.

A summary of 2010 and 2009 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.

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$466,394	\$508,146	\$41,752
Special Revenue	405,259	433,693	28,434
Total	<u>\$871,653</u>	<u>\$941,839</u>	<u>\$70,186</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$500,637	\$376,369	\$124,268
Special Revenue	444,848	429,195	15,653
Total	<u>\$945,485</u>	<u>\$805,564</u>	<u>\$139,921</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$394,000	\$401,193	\$7,193
Special Revenue	317,838	350,245	32,407
Total	<u>\$711,838</u>	<u>\$751,438</u>	<u>\$39,600</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$580,858	\$366,487	\$214,371
Special Revenue	426,474	368,604	57,870
Total	<u>\$1,007,332</u>	<u>\$735,091</u>	<u>\$272,241</u>

Contrary to Ohio Rev. Code Section 3709.28 appropriations exceeded actual resources in the General Fund at December 31, 2009.

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.

Beginning in 2010, the County Commissioners began serving 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 \$130,304 in 2010. The financial statements present these amounts as intergovernmental receipts.

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

4. Retirement Systems

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 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 falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The District pays their portion of the insurance to the Brown County Commissioners.

The District, through the Brown County Commissioners, also provides health insurance coverage to full time employees through a private carrier.

6. Contingent Liabilities

The District is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District's financial condition.



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

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the Board:

We have audited the financial statements of the Brown County District Board of Health, Brown County, Ohio (the District), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated January 10, 2012, 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.

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. 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 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. We consider Finding 2010-02 to be a material weakness.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-01 and 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 10, 2012.

We intend this report solely for the information and use of management, District Board, 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, flowing style.

Dave Yost
Auditor of State

January 10, 2012

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Material Noncompliance

Ohio Rev. Code, Section 3709.28, establishes budgetary requirements for General Health Districts, which are similar to certain Ohio Rev. Code, Chapter 5705, budgetary requirements. On or about the first Monday of April the district must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the board of health may, by resolution, transfer funds from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

During 2009, there were changes in estimated receipts and as a result the General Fund had appropriations which exceeded actual resources (i.e. beginning unencumbered fund balance plus actual receipts); however this fund did not have a negative balance at year end:

Year	Fund	Unencumbered Fund Balance	Actual Receipts	Actual Resources	Final Appropriations	Variance
2009	General	\$ 19,726	\$ 398,693	\$ 418,419	\$ 570,528	\$ (152,109)

Failure to monitor actual results and amend appropriations and estimated resources accordingly may result in the District incurring obligations that exceed their available resources. We recommend that the District monitor their budgeted and actual resources and appropriations.

FINDING NUMBER 2010-02

Material Noncompliance/Material Weakness

Ohio Admin. Code, § 117-2-02 (C)(1), states all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The estimated receipts entered in the accounting system and subsequently reported in the financial statements did not agree with estimated receipts certified by the budget commission on the latest amended certificate. Estimated receipts that were certified varied from those posted by material amounts as follows:

**FINDING NUMBER 2010-02
 (Continued)**

Fund Type	Estimated Receipts Certified by the Budget Commission	Estimated Receipts Posted	Variance
2009			
General Fund	\$394,000	\$570,528	\$176,528
Special Revenue Funds	317,838	222,273	(95,565)
2010			
Special Revenue Funds	405,259	300,724	(104,535)

Failure to post the estimated receipts certified by the budget commission into the accounting system resulted in the officials relying on inaccurate information. The officials should be sure that the estimated receipts from the most current amended certificate are entered into the accounting system.

Appropriations posted to the accounting system and subsequently reported in the financial statements did not agree with appropriations made by the Board in the following funds:

Fund Type	Appropriations Adopted or Filed	Appropriations Posted in the Accounting System	Variance
2009			
Special Revenue Funds	\$422,765	\$438,365	\$15,600
2010			
Special Revenue Funds	433,524	468,524	35,000

Failure to post the appropriations that have been approved by the Board of Trustees increases the risk that funds could be overspent.

We recommend that the Board should adopt appropriations and the amounts adopted should be recorded in the minute records. Only those appropriations that are adopted by the Board in the minute records should be posted in the accounting system.

We did not receive a response from officials to the findings reported above.

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC 3709.28, appropriations exceeded estimated resources	No	Repeated in Finding Number 2010-01

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BROWN COUNTY DISTRICT BOARD OF HEALTH

BROWN 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
JANUARY 26, 2012**