



**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

District Board of Health
Morgan County
4275 N St. Rt. 376
McConnelsville, Ohio 43756

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Morgan County, Ohio (the District), as of and for the years ended December 31, 2001 and 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Board of Health, Morgan County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Health and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 26, 2002

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$ 134,400	\$	\$ 134,400
Intergovernmental	8,368	8,500	16,868
Fees, Licenses and Permits	27,495	22,549	50,044
 Total Cash Receipts	 170,263	 31,049	 201,312
 Cash Disbursements:			
Employee Salaries	124,076	22,358	146,434
Remittances to State	1,296	4,705	6,001
Supplies	3,748	1,210	4,958
Equipment	401		401
Contracts - Repair	953		953
Travel	3,013		3,013
Advertising and printing	384		384
Public employee's retirement	15,742	2,973	18,715
Worker's compensation	804	98	902
Medicare	969	324	1,293
Other	20,842	47	20,889
 Total Cash Disbursements	 172,228	 31,715	 203,943
 Total Cash Receipts Over/(Under) Cash Disbursements	 (1,965)	 (666)	 (2,631)
 Other Financing Receipts/(Disbursements):			
Transfers-In		1,218	1,218
Transfers-Out	(1,218)		(1,218)
 Total Other Financing Receipts/(Disbursements)	 (1,218)	 1,218	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (3,183)	 552	 (2,631)
 Fund Cash Balances, January 1	 114,092	 30,323	 144,415
 Fund Cash Balances, December 31	 \$ 110,909	 \$ 30,875	 \$ 141,784
 Reserves for Encumbrances, December 31	 \$ 4,750	 \$ 0	 \$ 4,750

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

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$ 170,201	\$	\$ 170,201
Intergovernmental	10,366	7,500	17,866
Licenses, Permits and Fees	31,468	19,436	50,904
 Total Cash Receipts	 212,035	 26,936	 238,971
Cash Disbursements:			
Salaries	124,935	15,172	140,107
Remittances to State	980	3,995	4,975
Supplies	6,766	223	6,989
Equipment	4,069		4,069
Contracts - Repair	188		188
Travel	2,241	17	2,258
Advertising and printing	130		130
Public employee's retirement	14,185	1,477	15,662
Worker's compensation	399	64	463
Medicare	1,013	220	1,233
Other	21,335	368	21,703
 Total Cash Disbursements	 176,241	 21,536	 197,777
 Total Cash Receipts Over/(Under) Cash Disbursements	 35,794	 5,400	 41,194
Other Financing Receipts/(Disbursements):			
Transfers-In		3,141	3,141
Transfers-Out	(3,141)		(3,141)
 Total Other Financing Receipts/(Disbursements)	 (3,141)	 3,141	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 32,653	 8,541	 41,194
 Fund Cash Balances, January 1	 81,439	 21,782	 103,221
 Fund Cash Balances, December 31	 \$ 114,092	 \$ 30,323	 \$ 144,415
 Reserves for Encumbrances, December 31	 \$ 45	 \$ 0	 \$ 45

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

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Morgan County, Ohio (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board and a Health Commissioner. Board members are appointed by the District Advisory Council for staggered five year terms. The District Advisory Council is made up of the president of the Board of County Commissioners, the chief executive of each municipal corporation not constituting a city health district and chairman of the Board of Trustees of each Township. Services provided by the District include referrals to the Bureau of Crippled Children Services Program, communicable disease investigations, immunization clinics, various inspections, birth and death certificates, issuance of various licenses and permits, and other related services. The County Auditor and County Treasurer of Morgan County are responsible for fiscal control of the resources of the District which are maintained in the fund types described below.

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

B. Basis of Accounting

The financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Morgan County Auditor serves as fiscal agent for the District, and the investment of County funds, including District funds, is determined by the Morgan County Treasurer under the direction of the Morgan County Investment Advisory Committee. The District maintains no control over the investment of its funds. The disclosure of the County's deposits and investments at December 31, 2001 and 2000, is made in the County's annual financial reports for the years ended December 31, 2001 and 2000.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Food Service Fund - This fund receives food service permit monies.

Private Water Systems Fund - This fund receives water system permit monies.

Solid Waste Fund - This fund receives payments from the Southeastern Ohio Joint Solid Waste Management District for contractual solid waste services.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted 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 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 Board 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 2001 and 2000 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 170,885	\$ 170,263	\$ (622)
Special Revenue	42,144	32,267	(9,877)
Total	\$ 213,029	\$ 202,530	\$ (10,499)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 228,517	\$ 178,196	\$ 50,321
Special Revenue	35,357	31,715	3,642
Total	\$ 263,874	\$ 209,911	\$ 53,963

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,345	\$ 212,035	\$ 8,690
Special Revenue	33,601	30,077	(3,524)
Total	\$ 236,946	\$ 242,112	\$ 5,166

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 222,032	\$ 179,427	\$ 42,605
Special Revenue	31,933	21,536	10,397
Total	\$ 253,965	\$ 200,963	\$ 53,002

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statement as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

4. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities comprising the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in Taxes in the financial statements.

5. RETIREMENT SYSTEM

The District's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000 PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. For 2001, the District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2001.

**DISTRICT BOARD OF HEALTH
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance 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 Insurance

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP 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.

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

Financial Position

PEPs financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31, 2000 and 1999 (the latest information available):

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$ 17,112,129	\$ 15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained earnings	<u>\$ 9,397,094</u>	<u>\$ 8,658,846</u>
 <u>Property Coverage</u>	 <u>2000</u>	 <u>1999</u>
Assets	\$ 1,575,614	\$ 1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained earnings	<u>\$ 1,294,053</u>	<u>\$ 838,351</u>

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

District Board of Health
Morgan County
4275 N St. Rt. 376
McConnelsville, Ohio 43756

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Morgan County, Ohio (the District), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 26, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 26, 2002.

District Board of Health
Morgan County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Health, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 26, 2002



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OFFICE OF THE AUDITOR

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DISTRICT BOARD OF HEALTH

MORGAN 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
APRIL 2, 2002**