



**Auditor of State
Betty Montgomery**

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Adams County District Board of Health
Adams County
116 West Mulberry Street
West Union, Ohio 45693

To the Members of the Board:

We have audited the accompanying financial statements of Adams County District Board of Health, Adams County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001. 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 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 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 as of December 31, 2002 and 2001, 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 August 25, 2003 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.

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This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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 25, 2003

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Subdivisions	\$121,843	\$0	\$121,843
Intergovernmental	28,530	124,044	152,574
Fees	17,394	195,759	213,153
Permits		58,965	58,965
Refunds	612	623	1,235
Donations		5,062	5,062
Miscellaneous receipts		3,837	3,837
	<u>168,379</u>	<u>388,290</u>	<u>556,669</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	70,855	222,866	293,721
Supplies	5,177	25,399	30,576
Equipment	6,079	15,604	21,683
Contract (repairs & services)	2,485	22,454	24,939
Contract - Utilities	4,811		4,811
State Remittances	4,408	5,988	10,396
Travel and Expenses	2,324	9,203	11,527
PERS	10,496	28,868	39,364
Worker's compensation	488	1,029	1,517
Insurance	44,394	6,562	50,956
Other	13,467	5,764	19,231
	<u>164,984</u>	<u>343,737</u>	<u>508,721</u>
Total Disbursements			
Total Receipts Over Disbursements	<u>3,395</u>	<u>44,553</u>	<u>47,948</u>
Other Financing (Disbursements):			
Advances-Out to County	<u>(4,500)</u>		<u>(4,500)</u>
Total Other Financing (Disbursements)	<u>(4,500)</u>	<u>0</u>	<u>(4,500)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements			
	(1,105)	44,553	43,448
Fund Cash Balances, January 1	<u>8,591</u>	<u>130,635</u>	<u>139,226</u>
Fund Cash Balances, December 31	<u>\$7,486</u>	<u>\$175,188</u>	<u>\$182,674</u>
Reserves for Encumbrances, December 31	<u>\$4,925</u>	<u>\$13,097</u>	<u>\$18,022</u>

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

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Subdivisions	\$122,573	\$0	\$122,573
Intergovernmental	24,325	80,471	104,796
Fees	17,101	212,080	229,181
Permits		46,222	46,222
Donations		2,562	2,562
Miscellaneous receipts		705	705
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	163,999	342,040	506,039
Cash Disbursements:			
Salaries	105,227	221,856	327,083
Supplies	7,442	18,481	25,923
Equipment	6,709	1,737	8,446
Contract (repairs & services)	3,189	31,387	34,576
Contract - Utilities	4,780		4,780
State Remittances	3,284	6,066	9,350
Travel and Expenses	2,930	11,309	14,239
PERS	12,047	26,525	38,572
Worker's compensation	410	1,390	1,800
Insurance	14,750	42,051	56,801
Other	14,625	4,407	19,032
	<hr/>	<hr/>	<hr/>
Total Disbursements	175,393	365,209	540,602
Total Receipts (Under) Disbursements	<hr/>	<hr/>	<hr/>
	(11,394)	(23,169)	(34,563)
Other Financing Receipts:			
Advances-In from County	4,500		4,500
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	4,500	0	4,500
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(6,894)	(23,169)	(30,063)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	15,485	153,804	169,289
Fund Cash Balances, December 31	<hr/> \$8,591	<hr/> \$130,635	<hr/> \$139,226
Reserves for Encumbrances, December 31	<hr/> \$6,978	<hr/> \$4,119	<hr/> \$11,097

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

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Adams County District Board of Health, Adams 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 selected by the Adams County Health District Advisory Council, which consists of representatives of the Villages, Townships, and Adams County Commissioners. 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 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).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are 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 is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

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

Public Health Nursing Fund – This fund receives fees for providing nursing services to the public, such as immunizations and physical testing and their related expenses.

Appalachian Hope Van Fund – This fund receives tax revenue to operate a health van to provide basic health services to the public.

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Environmental Health Fund - This fund receives intergovernmental revenue and fees for testing of environmental issues.

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 District 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. The District did not encumber all commitments required by Ohio law; however there were no material unencumbered purchase commitments at December 31, 2002 or 2001.

A summary of 2002 and 2001 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$169,256	\$168,379	(\$877)
Special Revenue	387,116	388,290	1,174
Total	\$556,372	\$556,669	\$297

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$171,734	\$174,409	(\$2,675)
Special Revenue	388,985	356,834	32,151
Total	\$560,719	\$531,243	\$29,476

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$169,256	\$168,499	(\$757)
Special Revenue	341,088	342,040	952
Total	\$510,344	\$510,539	\$195

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,858	\$182,371	\$1,487
Special Revenue	409,304	369,328	39,976
Total	\$593,162	\$551,699	\$41,463

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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. These amounts are included in intergovernmental receipts in the financial statements.

The Adams County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The Appalachian Hope Van levy generated \$52,383 in 2002 and \$76,049 in 2001. These amounts are included in intergovernmental receipts in the financial statements.

4. ADVANCES IN/OUT

Certain state and federal reimbursement grants require that expenditures be made before grant funds are sent to the District. The County advanced \$4,500 to the District in 2002 for these start-up expenditures and then the District repaid the County when the grant monies were received in 2002.

5. RETIREMENT SYSTEM

The District's full-time 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 post-retirement 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2002. The District has paid all contributions required through December 31, 2002.

6. 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 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 Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. 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.

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.

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK POOL MEMBERSHIP (Continued)

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:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$20,174,977	\$19,358,458
Liabilities	<u>(8,550,749)</u>	<u>(8,827,588)</u>
Retained earnings	<u>\$11,624,228</u>	<u>\$10,530,870</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$2,565,408	\$1,890,323
Liabilities	<u>(655,318)</u>	<u>(469,100)</u>
Retained earnings	<u>\$1,910,090</u>	<u>\$1,421,223</u>

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**Auditor of State
Betty Montgomery**

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

Adams County District Board of Health
Adams County
116 West Mulberry Street
West Union, Ohio 45693

To Members of the Board:

We have audited the accompanying financial statements of Adams County District Board of Health, Adams County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 25, 2003. We conducted our audit in accordance with auditing standards generally accepted by 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 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 25, 2003.

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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated August 25, 2003.

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

This report is intended solely for the information and use of the audit committee, management, the Board, and is not intended to be and should not be used by 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 25, 2003

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 and 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-60401-001	ORC, Section 5705.41(D), Citation for not properly certifying funds as available for expenditure.	No	Partially Corrected, the percentage error decreased from 17% to 6% - reissued in management letter as a citation



**Auditor of State
Betty Montgomery**

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ADAMS COUNTY DISTRICT BOARD OF HEALTH

ADAMS 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 16, 2003**