



**Auditor of State
Betty Montgomery**

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ashland County District Board of Health
Ashland County
110 Cottage Street
Ashland, Ohio 44805

To Members of the Board:

We have audited the accompanying financial statements of Ashland County District Board of Health, Ashland 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 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 April 7, 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.

Ashland County District Board of Health
Ashland County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Trustees 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

April 7, 2003

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local taxes	\$109,003		\$109,003
Intergovernmental	17,153		17,153
Federal awards		\$228,510	228,510
Permits	58,006		58,006
Other fees	88,861	127,585	216,446
Licenses	25,827		25,827
Other	18,334		18,334
	<u>317,184</u>	<u>356,095</u>	<u>673,279</u>
Total Cash Receipts			
	<u>317,184</u>	<u>356,095</u>	<u>673,279</u>
Cash Disbursements:			
Salaries	201,262	79,298	280,560
Remittances to State		8,489	8,489
Supplies	6,960		6,960
Grant expenses		177,294	177,294
Equipment	924		924
Contracts - Repair	169		169
Contracts - Services	4,977	761	5,738
Travel	12,212	4,214	16,426
Advertising and printing	755		755
Public employee's retirement	27,078	10,469	37,547
Worker's compensation	839	273	1,112
Other	74,681	35,248	109,929
	<u>329,857</u>	<u>316,046</u>	<u>645,903</u>
Total Cash Disbursements			
	<u>329,857</u>	<u>316,046</u>	<u>645,903</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(12,673)</u>	<u>40,049</u>	<u>27,376</u>
Other Financing Receipts/(Disbursements):			
Advances-In		2,000	2,000
Advances-Out	(2,000)		(2,000)
	<u>(2,000)</u>	<u>2,000</u>	<u></u>
Total Other Financing Receipts/(Disbursements)			
	<u>(2,000)</u>	<u>2,000</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,673)	42,049	27,376
Fund Cash Balances, January 1	<u>85,798</u>	<u>47,992</u>	<u>133,790</u>
Fund Cash Balances, December 31	<u>\$71,125</u>	<u>\$90,041</u>	<u>\$161,166</u>

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

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local taxes	\$105,202		\$105,202
Intergovernmental	17,040		17,040
Federal awards		\$149,148	149,148
Permits	49,317		49,317
Other fees	99,003	143,641	242,644
Licenses	27,608		27,608
Other	10,868	200	11,068
	<u>309,038</u>	<u>292,989</u>	<u>602,027</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	203,874	72,291	276,165
Remittances to State		8,548	8,548
Supplies	4,379		4,379
Grant Expenses		153,468	153,468
Equipment	1,979		1,979
Contracts - Services	2,663	153	2,816
Travel	11,843	4,017	15,860
Advertising and printing	791		791
Public employee's retirement	24,273	8,642	32,915
Worker's compensation	4,452	1,699	6,151
Other	70,746	36,516	107,262
	<u>325,000</u>	<u>285,334</u>	<u>610,334</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	(15,962)	7,655	(8,307)
Fund Cash Balances, January 1	<u>101,760</u>	<u>40,337</u>	<u>142,097</u>
Fund Cash Balances, December 31	<u><u>\$85,798</u></u>	<u><u>\$47,992</u></u>	<u><u>\$133,790</u></u>

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

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ashland County District Board of Health, Ashland County, Ohio, (the District) is a body politic and corporate 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 six-member Board of Trustees. An appointed Health Commissioner is responsible for administering the laws relating to health and sanitation in the County. Services provided by the Health Department include recording of vital statistics; inspecting food service facilities, water wells, sewers; public health nursing services; and acting upon various complaints made to the department concerning the health and welfare of the County.

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 they are earned. Disbursements are recognized when they are paid rather than when a liability is incurred.

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 that is 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 Fund:

Women, Infants and Children (WIC) Fund - This is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

Although the District is not subject to budgetary provisions of the Ohio Revised Code, an appropriation measure is adopted by the District on or before the first Monday of April in each year for the period January 1 to December 31 of the following year. The appropriation measure, together with the itemized estimate of the sources of revenue available to the District for the next fiscal year, is submitted to the County Auditor who in turn submits it to the County Budget Commission.

The County Budget Commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate amount of all the items in the appropriation measure.

The appropriation measure, as amended by the County Budget Commission, controls expenditures by the District for the period January 1 to December 31 of the following year. Budgetary expenditures may not exceed appropriations at the fund and function level of control and appropriations may not exceed estimated resources. The District may, by resolution, transfer funds from one line item, create new items, and make additional appropriations, subject to the availability of funds and to the approval of the County Budget Commission.

Encumbrances

District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

Encumbrances are purchase orders, contracts and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain with Board policy.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

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 on the accompanying financial statements. There were no capital outlay disbursements made during 2002 and 2001.

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 District's basis of accounting.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ashland County Auditor acts as fiscal agent for the Board, and the Ashland County Treasurer maintains a cash pool used by all County funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash on deposit with the fiscal agent at December 31 follows:

	2002	2001
Demand deposits	\$161,166	\$133,790

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$316,764	\$317,184	\$420
Special Revenue	360,697	358,095	(2,602)
Total	\$677,461	\$675,279	(\$2,182)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$335,779	\$331,857	\$3,922
Special Revenue	363,890	316,046	47,844
Total	\$699,669	\$647,903	\$51,766

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$308,649	\$309,038	\$389
Special Revenue	301,663	292,989	(8,674)
Total	\$610,312	\$602,027	(\$8,285)

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$353,764	\$325,000	\$28,764
Special Revenue	324,939	285,334	39,605
Total	\$678,703	\$610,334	\$68,369

Contrary to Ohio Rev. Code Section 5705.41(D), the District failed to certify the availability of funds for certain expenditures prior to incurring the obligations.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the rates are adopted by the Board of Trustees. 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 financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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 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.

5. 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. 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 2002 and 2001, OPERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The District has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Comprehensive crime coverage

The District also provides health insurance coverage through a private carrier to full-time employees.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material

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**Auditor of State
Betty Montgomery**

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

Ashland County District Board of Health
Ashland County
110 Cottage Street
Ashland, Ohio 44805

To Members of the Board:

We have audited the accompanying financial statements of Ashland County District Board of Health, Ashland County, Ohio, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 7, 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-60503-001.

We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 7, 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 another 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 April 7, 2003.

Ashland County District Board of Health
Ashland 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 management and the Board of Trustees, 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

April 7, 2003

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2002-60503-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

- a) Then and Now Certificates - If no certificate is furnished as required, upon receipt of the County Auditor's, (the District's statutory fiscal agent), certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the taxing authority (the District's Board of Trustees) may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate

- b) If the amount involved is less than \$1,000 (which was increased to \$3,000 on April 7, 2003), the County Auditor (fiscal officer) may authorize payment through a Then and Now Certificate without affirmation of the District's Board of Trustees (taxing authority), if such expenditure is otherwise valid.

During 2002 and 2001, 49 out of 60 expenditures tested (82%) were not properly certified by the County Auditor. Of these, 4 expenditures were not certified prior to incurring the obligation and 45 expenditures had purchase orders which include certification language that were not signed and dated by the fiscal officer indicating certification. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The District should ensure that the County Auditor certifies the availability of funds prior to incurring the obligation for expenditures. The District should also implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41(D).



**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

ASHLAND COUNTY DISTRICT BOARD OF HEALTH

ASHLAND 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
JUNE 10, 2003**