



**Auditor of State
Betty Montgomery**

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA COUNTY**

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Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS

Columbiana District Board of Health
Columbiana County
7360 State Route 45
Lisbon, Ohio 44432

To Members of the Board:

We have audited the accompanying financial statements of the Columbiana District Board of Health, Columbiana County (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 Columbiana District Board of Health 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 May 5, 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.

This report is intended solely for the information and use of the Board, management 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

May 5, 2003

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA 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:			
Subdivision Taxes	\$188,455	\$170,160	\$358,615
Intergovernmental	31,383	595,731	627,114
Fees, Permits, Licenses	233,161	189,248	422,409
Other receipts	48,402	28,670	77,072
	<u>501,401</u>	<u>983,809</u>	<u>1,485,210</u>
Total Cash Receipts			
	<u>501,401</u>	<u>983,809</u>	<u>1,485,210</u>
Cash Disbursements:			
Salaries	253,679	435,357	689,036
Supplies	28,442	15,443	43,885
Remittances to State	21,597	31,327	52,924
Contracts - Services	6,698	43,562	50,260
Travel	34,068	24,847	58,915
Membership and Subscriptions	2,921		2,921
Advertising and printing	2,199	1,312	3,511
Public employee's retirement	33,033	59,078	92,111
Hospitalization	88,954	120,596	209,550
Unemployment compensation	3,142		3,142
Medicare	3,365	5,767	9,132
Project Fund Expenses		198,116	198,116
Loan Principal	22,729		22,729
Loan Interest	786		786
Other	34,106	17,333	51,439
	<u>535,719</u>	<u>952,738</u>	<u>1,488,457</u>
Total Disbursements			
	<u>535,719</u>	<u>952,738</u>	<u>1,488,457</u>
Total Receipts Over/(Under) Disbursements	<u>(34,318)</u>	<u>31,071</u>	<u>(3,247)</u>
Fund Cash Balances, January 1	<u>61,862</u>	<u>253,399</u>	<u>315,261</u>
Fund Cash Balances, December 31	<u><u>\$27,544</u></u>	<u><u>\$284,470</u></u>	<u><u>\$312,014</u></u>
Reserves for Encumbrances, December 31	<u><u>\$125</u></u>	<u><u>\$8,243</u></u>	<u><u>\$8,368</u></u>

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

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA 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:			
Subdivision Taxes	\$175,100	\$168,370	\$343,470
Intergovernmental	42,935	817,402	860,337
Fees, Permits, Licenses	252,495	219,158	471,653
Other receipts	166,141	25,177	191,318
Total Cash Receipts	<u>636,671</u>	<u>1,230,107</u>	<u>1,866,778</u>
Cash Disbursements:			
Salaries	262,297	335,927	598,224
Supplies	61,541	39,445	100,986
Remittances to State	14,818	31,093	45,911
Equipment	2,546	720	3,266
Contracts - Repair	944		944
Contracts - Services	3,609	38,203	41,812
Travel	35,019	29,279	64,298
Membership and Subscriptions	3,590		3,590
Advertising and printing	1,181	1,385	2,566
Public employee's retirement	31,934	36,530	68,464
Hospitalization	86,020	90,577	176,597
Medicare	3,479	4,346	7,825
Project Fund Expenses		500,689	500,689
Loan Principle	23,572		23,572
Loan Interest	1,790		1,790
Other	67,234	43,804	111,038
Total Disbursements	<u>599,574</u>	<u>1,151,998</u>	<u>1,751,572</u>
Total Receipts Over/(Under) Disbursements	<u>37,097</u>	<u>78,109</u>	<u>115,206</u>
Fund Cash Balances, January 1	<u>24,765</u>	<u>175,290</u>	<u>200,055</u>
Fund Cash Balances, December 31	<u><u>\$61,862</u></u>	<u><u>\$253,399</u></u>	<u><u>\$315,261</u></u>

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

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Columbiana District Board of Health, Columbiana County, (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. 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 had the following significant Special Revenue Funds:

Early Start Fund – This fund receives nursing costs reimbursed by the County for home care visits.

Septic Repair Fund – This fund receives grant reimbursement for assistance in repairing septic systems in the County.

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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. The District did not encumber all commitments required by Ohio law.

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 District's basis of accounting.

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA 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	\$552,954	\$501,401	(\$51,553)
Special Revenue	1,250,227	983,809	(266,418)
Total	\$1,803,181	\$1,485,210	(\$317,971)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$591,862	\$535,844	\$56,018
Special Revenue	1,373,120	960,981	412,139
Total	\$1,964,982	\$1,496,825	\$468,157

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$609,765	\$636,671	\$26,906
Special Revenue	1,258,789	1,230,107	(28,682)
Total	\$1,868,554	\$1,866,778	(\$1,776)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$682,213	\$599,574	\$82,639
Special Revenue	1,464,203	1,151,998	312,205
Total	\$2,146,416	\$1,751,572	\$394,844

Contrary to Ohio law, the Board of Health did not certify or encumber certain purchases until the time of payment.

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.

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA COUNTY**

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

4. 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 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, members of PERS 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.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



**Auditor of State
Betty Montgomery**

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

Columbiana District Board of Health
Columbiana County
7360 State Route 45
Lisbon, Ohio 44432

To Members of the Board:

We have audited the accompanying financial statements of the Columbiana District Board of Health, Columbiana County (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 5, 2003. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 5, 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 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 May 5, 2003.

Columbiana District Board of Health
Columbiana County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the Board, management 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

May 5, 2003

**COLUMBIANA DISTRICT BOARD OF HEALTH
COLUMBIANA COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be 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:

1. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's 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 Board may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate.
2. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

Our test of disbursements indicated that 66% of the 2002 and 63% of the 2001 expenditures tested were committed prior to the certification of available funds by the fiscal officer. Neither exception listed above was followed, contrary to Ohio Rev. Code 5705.41(D). This condition does not provide adequate accountability over the District's disbursements. Obligations may be incurred which either the Board or management has not authorized or which the District cannot afford.

The District should establish control policies and procedures that are sufficient to ensure that purchases are certified and encumbered by the fiscal officer at the time of purchase.



**Auditor of State
Betty Montgomery**

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COLUMBIANA DISTRICT BOARD OF HEALTH

COLUMBIANA 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 24, 2003**