



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
PUTNAM COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Putnam County
256 Williamstown Road
P.O. Box 330
Ottawa, Ohio 45875-0330

To Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Putnam 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 audits.

We conducted our audits 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 audits 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 audits provide 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, Putnam County 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 September 4, 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 audits.

District Board of Health
Putnam County
Independent Accountants' Report
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This report is intended solely for the information and use of 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

September 4, 2003

**DISTRICT BOARD OF HEALTH
PUTNAM 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	\$ 209,297		\$ 209,297
Intergovernmental	10,881	\$ 258,172	269,053
Immunizations	54,206		54,206
Fees and Permits	32,560	22,264	54,824
Family assistance	6,914		6,914
Licenses		52,491	52,491
Charges for services		2,009,765	2,009,765
Donations	130	127,877	128,007
Other receipts	35,275	106,385	141,660
Total Cash Receipts	<u>349,263</u>	<u>2,576,954</u>	<u>2,926,217</u>
Cash Disbursements:			
Salaries	205,011	1,352,709	1,557,720
Supplies	24,115	126,638	150,753
Remittances to State	3,009	9,320	12,329
Equipment	550	15,072	15,622
Telephone/pager/advertisement		25,651	25,651
Contracts - Services	6,853	180,374	187,227
Rentals/leases		7,850	7,850
Travel	15,953	67,880	83,833
Continuing education/dues/licenses		20,245	20,245
Family assistance	7,154		7,154
Public employee's retirement	26,607	29,024	55,631
Fringes	61,777	386,492	448,269
Other	7,961	187,813	195,774
Total Disbursements	<u>358,990</u>	<u>2,409,068</u>	<u>2,768,058</u>
Total Receipts Over/(Under) Disbursements	<u>(9,727)</u>	<u>167,886</u>	<u>158,159</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		60,000	60,000
Advances-In	30,000	35,000	65,000
Transfers-Out		(60,000)	(60,000)
Advances-Out	(35,000)	(30,000)	(65,000)
Total Other Financing Receipts/(Disbursements)	<u>(5,000)</u>	<u>5,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,727)	172,886	158,159
Fund Cash Balances, January 1	<u>72,545</u>	<u>949,400</u>	<u>1,021,945</u>
Fund Cash Balances, December 31	<u>\$ 57,818</u>	<u>\$ 1,122,286</u>	<u>\$ 1,180,104</u>
Reserves for Encumbrances, December 31	<u>\$ 3,341</u>	<u>\$ 26,967</u>	<u>\$ 30,308</u>

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

**DISTRICT BOARD OF HEALTH
PUTNAM 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	\$ 200,158		\$ 200,158
Intergovernmental	19,390	\$ 235,049	254,439
Immunizations	59,375		59,375
Fees and Permits	32,150	17,928	50,078
Family assistance	9,912		9,912
Licenses		38,969	38,969
Charges for services		1,953,894	1,953,894
Donations	320	120,278	120,598
Other receipts	33,549	119,406	152,955
	<u>354,854</u>	<u>2,485,524</u>	<u>2,840,378</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	225,209	1,272,368	1,497,577
Supplies	28,028	105,828	133,856
Remittances to State	2,038	18,801	20,839
Equipment	7,225		7,225
Telephone/pager/advertisement		18,723	18,723
Contracts - Services	7,967	158,953	166,920
Rentals/leases		12,646	12,646
Travel	16,767	71,413	88,180
Continuing education/dues/licenses		7,386	7,386
Family assistance	2,032		2,032
Home health agency	6,500		6,500
Public employee's retirement	26,158		26,158
Fringes	41,124	354,292	395,416
Other	13,069	105,962	119,031
	<u>376,117</u>	<u>2,126,372</u>	<u>2,502,489</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(21,263)</u>	<u>359,152</u>	<u>337,889</u>
Other Financing Receipts/(Disbursements):			
Advances-In	56,218	51,218	107,436
Advances-Out	<u>(51,218)</u>	<u>(56,218)</u>	<u>(107,436)</u>
Total Other Financing Receipts/(Disbursements)	<u>5,000</u>	<u>(5,000)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,263)	354,152	337,889
Fund Cash Balances, January 1	<u>88,808</u>	<u>595,248</u>	<u>684,056</u>
Fund Cash Balances, December 31	<u>\$ 72,545</u>	<u>\$ 949,400</u>	<u>\$ 1,021,945</u>
Reserves for Encumbrances, December 31	<u>\$ 1,792</u>	<u>\$ 26,335</u>	<u>\$ 28,127</u>

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

**DISTRICT BOARD OF HEALTH
PUTNAM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Putnam 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 Fund:

Home Health Care Fund - This fund receives fees for providing home nursing services to elderly and homebound persons.

**DISTRICT BOARD OF HEALTH
PUTNAM COUNTY**

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

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 or function 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.

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.

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	\$ 370,173	\$ 349,263	\$ (20,910)
Special Revenue	3,204,529	2,636,954	(567,575)
Total	\$ 3,574,702	\$ 2,986,217	\$ (588,485)

**DISTRICT BOARD OF HEALTH
PUTNAM COUNTY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 408,473	\$ 362,331	\$ 46,142
Special Revenue	3,301,485	2,496,035	805,450
Total	<u>\$ 3,709,958</u>	<u>\$ 2,858,366</u>	<u>\$ 851,592</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 356,716	\$ 354,854	\$ (1,862)
Special Revenue	2,998,926	2,485,524	(513,402)
Total	<u>\$ 3,355,642</u>	<u>\$ 2,840,378</u>	<u>\$ (515,264)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 392,124	\$ 377,909	\$ 14,215
Special Revenue	3,027,401	2,152,707	874,694
Total	<u>\$ 3,419,525</u>	<u>\$ 2,530,616</u>	<u>\$ 888,909</u>

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 County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the Board of Health with sufficient funds to carry out health programs. The levy generated \$209,297 in 2002 and \$200,158 in 2001. These amounts are included on the financial statements as Local taxes.

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

**DISTRICT BOARD OF HEALTH
PUTNAM COUNTY**

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

5. RISK MANAGEMENT

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.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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

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	8,550,749	8,827,588
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	655,318	469,100
Retained Earnings	<u>\$ 1,910,090</u>	<u>\$ 1,421,223</u>



**Auditor of State
Betty Montgomery**

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

District Board of Health
Putnam County
256 Williamstown Road
P.O. Box 330
Ottawa, Ohio 45875-0330

To Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Putnam County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 4, 2003. We conducted our audits 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 audits 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 audits, 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 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 September 4, 2003.

District Board of Health
Putnam 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, 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

September 4, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

PUTNAM COUNTY DISTRICT BOARD OF HEALTH

PUTNAM 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 30, 2003**