



**DISTRICT BOARD OF HEALTH
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**DISTRICT BOARD OF HEALTH
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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

District Board of Health
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To Members of the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Muskingum County, Ohio, (the District) as of and for the year ended December 31, 1999, as listed in the table of contents. 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 generally accepted auditing standards 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 Board of Health, Muskingum County, as of December 31, 1999, 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 June 8, 2000, 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.

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 § 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 8, 2000

**DISTRICT BOARD OF HEALTH
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental:			
Federal	\$	\$171,669	\$171,669
State	122,579	198,006	320,585
Local (County/City)	100,825		100,825
Levies	804,234		804,234
Permits	189,168	54,812	243,980
Fees, Licenses and Fines	296,511	198,438	494,949
Contract Services	169,347	323,779	493,126
Other Receipts	12,885	35,577	48,462
	<u>1,695,549</u>	<u>982,281</u>	<u>2,677,830</u>
Cash Disbursements:			
Current:			
Employee Salaries	1,366,729	77,840	1,444,569
Supplies and Equipment	165,580	5,886	171,466
Contracts	57,207	123,133	180,340
Rentals	113,101		113,101
Remittance - Share of License Fees to State	26,829	19,492	46,321
Travel	36,268	8,226	44,494
Advertising and Printing	3,310	42,895	46,205
Employee Taxes and Benefits	433,403	28,932	462,335
Salary and Insurance Reimbursements		355,103	355,103
Project (Federal/State) Disbursements		106,545	106,545
Other	98,031	73,390	171,421
	<u>2,300,458</u>	<u>841,442</u>	<u>3,141,900</u>
Total Receipts Over/(Under) Disbursements	<u>(604,909)</u>	<u>140,839</u>	<u>(464,070)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	7,353	640	7,993
Advances-In		1,327	1,327
Transfers-Out	(640)	(7,353)	(7,993)
Advances-Out	(1,327)		(1,327)
Salary and Insurance Reimbursements	673,112	5,066	678,178
Other Sources	27,292	588	27,880
Other Uses	(588)		(588)
	<u>705,202</u>	<u>268</u>	<u>705,470</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	100,293	141,107	241,400
Fund Cash Balances, January 1	<u>77,339</u>	<u>167,260</u>	<u>244,599</u>
Fund Cash Balances, December 31	<u>\$177,632</u>	<u>\$308,367</u>	<u>\$485,999</u>
Reserve for Encumbrances, December 31	<u>\$1,670</u>	<u>\$31,209</u>	<u>\$32,879</u>

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

**DISTRICT BOARD OF HEALTH
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES -
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Agency
Non-operating Cash Receipts:	
Other Non-operating Receipts	\$1,395,292
Total Non-operating Cash Receipts	1,395,292
Non-operating Cash Disbursements:	
Other Non-operating Cash Disbursements	1,252,561
Total Non-operating Cash Disbursements	1,252,561
Net Receipts Over/(Under) Disbursements	142,731
Fund Cash Balances, January 1	297,668
Fund Cash Balances, December 31	\$440,399
Reserve for Encumbrances, December 31	\$ 0

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

**DISTRICT BOARD OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Muskingum 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 six member Board and a Health Commissioner. Three Board members are appointed by Zanesville City Council and three are appointed by the District Advisory Council. 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 medical clinics, dental service, communicable disease investigations, immunization clinics, various inspections, public health nursing services, issuance of various licenses and permits, and other related services.

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 District's cash is held and invested by the Muskingum County Treasurer, who acts as custodian for District monies. 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.

**DISTRICT BOARD OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(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 (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:

Child and Family Health Services Fund - This fund receives state grant money to provide supplemental prenatal care programs as an adjunct to good health care to low-income persons in critical periods of growth and development.

Pro-Muskingum Fund - This fund receives money from fees, services performed, donations, and other sources. The funds are used to educate the community about health issues and improve community health.

3. Fiduciary Funds (Agency Funds)

Funds for which the District is acting in an agency capacity are classified as agency funds. The District had the following significant Fiduciary Fund:

Early Start Grant Fund - This fund receives federal and state grant money to provide supplemental care programs for families with children ages birth to three years and pregnant women who are at risk of abuse, neglect or developmental delay as an adjunct to good health care to low-income persons in critical periods of growth and development.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

An appropriation measure is adopted by the Board 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 an 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 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. The Board may, by resolution, transfer funds from one item to another in the appropriation measure, reduce or increase any item, create new items, and make additional appropriations, subject to the availability of funds and to the approval of the County Budget Commission.

A summary of 1999 budgetary activity appears in Note 3.

**DISTRICT BOARD OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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. CASH AND INVESTMENTS WITH FISCAL AGENT

The cash deposits of the District are maintained by the Muskingum County Treasurer. The District's cash balance is pooled with other County monies and deposited in an "active" interest bearing account. The District's portion of this pool is displayed on the financial statement as "Fund Cash Balances".

The "active" interest bearing account was covered by federal deposit insurance and collateral held by the pledging institution's trust department in the name of the County.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,347,427	\$2,403,306	\$55,879
Special Revenue	1,038,750	989,902	(48,848)
Total	<u>\$3,386,177</u>	<u>\$3,393,208</u>	<u>\$7,031</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,348,394	\$2,304,683	\$43,711
Special Revenue	1,030,317	880,004	150,313
Total	<u>\$3,378,711</u>	<u>\$3,184,687</u>	<u>\$194,024</u>

DISTRICT BOARD OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

4. 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 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 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.

5. RETIREMENT SYSTEMS

The District's 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. The District's PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General Liability and Casualty
- Employee Benefit Liability
- Automobile Liability
- Medical Malpractice Liability

The District provides health insurance to full-time employees through a limited risk health insurance program that is maintained by Muskingum County. Premiums are paid to a third party administrator, Benefit Services, Inc. The claims are processed and monitored by a County insurance administrator in conjunction with the third party administrator.

The District also provides dental, vision and life insurance to full-time employees through a private carrier.

**DISTRICT BOARD OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

7. CONTINGENT LIABILITIES

There is no pending litigation outstanding against the District.

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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JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

District Board of Health
Muskingum County
205 North Seventh Street
Zanesville, Ohio 43701

To Members of the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Muskingum County, Ohio, (the District) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 8, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 a material weakness. 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 certain 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 June 8, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

DISTRICT BOARD OF HEALTH

MUSKINGUM 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
AUGUST 15, 2000