



**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

District Board of Health
Jackson County
200 East Main Street
Jackson, Ohio 45640

To the Members of the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Jackson County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999. 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 Board of Health, Jackson County, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 7, the District reclassified the Public Health Trust Fund during 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2001 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 audit committee, 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.

Jim Petro
Auditor of State

July 30, 2001

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$129,360	\$	\$129,360
Intergovernmental	285,574	74,047	359,621
Licenses and Permits	37,498	146,827	184,325
Fees and Fines	19,174	3,173	22,347
Charges for Services	356		356
Other Revenue	20,529	391	20,920
	<u>492,491</u>	<u>224,438</u>	<u>716,929</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries and Fringes	494,700	69,187	563,887
Supplies	11,774	1,168	12,942
Equipment	3,970		3,970
Contract Services	5,761	10,558	16,319
Travel and Expenses	21,149	2,446	23,595
State Remittance		62,077	62,077
Repair	1,005		1,005
Advertising	1,788		1,788
Other Expenses	23,117	2,857	25,974
	<u>563,264</u>	<u>148,293</u>	<u>711,557</u>
Total Cash Disbursements			
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>(70,773)</u>	<u>76,145</u>	<u>5,372</u>
Other Financing Sources/(Uses):			
Transfers-In	1,731		1,731
Transfers-Out		(1,731)	(1,731)
	<u>1,731</u>	<u>(1,731)</u>	<u>0</u>
Total Other Financing Sources/(Uses)			
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(69,042)	74,414	5,372
Fund Cash Balances, January 1	<u>123,360</u>	<u>69,959</u>	<u>193,319</u>
Fund Cash Balances, December 31	<u>\$54,318</u>	<u>\$144,373</u>	<u>\$198,691</u>

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

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	<u>\$150,949</u>
Total Non-Operating Cash Receipts	<u>150,949</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>99,965</u>
Total Non-Operating Cash Disbursements	<u>99,965</u>
Non-Operating Income/(Loss)	<u>50,984</u>
Fund Cash Balance, January 1	<u>(4,625)</u>
Fund Cash Balance, December 31	<u><u>\$46,359</u></u>

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

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**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:			
Local Taxes	\$124,397	\$	\$124,397
Intergovernmental	123,889	319,603	443,492
Licenses and Permits	36,554	7,737	44,291
Fees and Fines	22,355	26,076	48,431
Charges for Services	7,334		7,334
Other Revenue	13,621	1,502	15,123
	<u>328,150</u>	<u>354,918</u>	<u>683,068</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries and Fringes	227,776	273,200	500,976
Supplies	12,883	4,187	17,070
Equipment	5,024	74	5,098
Contract Services	5,002	55,351	60,353
Travel and Expenses	10,850	10,249	21,099
State Remittance		4,697	4,697
Repair	635		635
Advertising	1,742		1,742
Other Expenses	26,260	8,503	34,763
	<u>290,172</u>	<u>356,261</u>	<u>646,433</u>
Total Cash Disbursements			
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>37,978</u>	<u>(1,343)</u>	<u>36,635</u>
Other Financing Sources/(Uses):			
Transfers-In	4,500		4,500
Transfers-Out		(4,500)	(4,500)
	<u>4,500</u>	<u>(4,500)</u>	<u>0</u>
Total Other Financing Sources/(Uses)			
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	42,478	(5,843)	36,635
Fund Cash Balances, January 1	<u>80,882</u>	<u>75,802</u>	<u>156,684</u>
Fund Cash Balances, December 31	<u>\$123,360</u>	<u>\$69,959</u>	<u>\$193,319</u>

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

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Type
	Agency
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$21,405
Total Non-Operating Cash Receipts	21,405
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	26,030
Total Non-Operating Cash Disbursements	26,030
Non-Operating Income/(Loss)	(4,625)
Fund Cash Balance, January 1	0
Fund Cash Balance, December 31	(\$4,625)

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

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Jackson County (the District), is a general health district as defined by Section 3709.01 of the Ohio Revised Code. The District operates under an appointed five member Board and is responsible for the administration of all health programs established by the Revised Code, the Ohio Department of Health, and the Public Health Council. Services provided by the District included the inspection and licensing of food establishments, inspection of sewer and water systems, inspection and licensing of solid waste facilities, inspection of trailer parks, and public health nursing programs.

Additionally, the District serves as the administrative and fiscal agent of the Jackson County Family and Children First Council. The activities of the Family and Children First Council are reported as an Agency Fund within the Financial Statements.

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.

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

C. Cash and Investments

Cash balances of the District are maintained and accounted for in the pooled depository of Jackson County through the Auditor and Treasurer of Jackson County.

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 required to be accounted for in another fund.

2. Special Revenue Funds

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

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

2. Special Revenue Funds (Continued)

Public Health Nursing Fund - This fund received monies for the performance of health services to the public.

Solid Waste Fund - This fund received fees for landfill/solid waste licenses.

3. Agency Fund

This fund is used to account for the resources and activities of legally separate entities for which the District Board of Health acted as the Administrative/Fiscal Agent. The District had the following Agency Fund:

Jackson County Family and Children First Council - This fund received grant monies for the provision of services to children and families.

E. Budgetary Process

A temporary appropriation measure is adopted by the Board on or before the beginning of each year. A permanent appropriations measure is adopted by the Board on or before April 1 each year for the period January 1 to December 31. 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. 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.

Encumbrances

The District policy is to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

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.

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Board of Health.

2. EQUITY IN POOLED CASH

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2000	1999
Demand deposits	\$245,050	\$188,694

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$613,645	\$494,222	(\$119,423)
Special Revenue	151,637	224,438	72,801
Total	\$765,282	\$718,660	(\$46,622)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$732,593	\$563,264	\$169,329
Special Revenue	205,738	150,024	55,714
Total	\$938,331	\$713,288	\$225,043

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$344,101	\$332,650	(\$11,451)
Special Revenue	386,965	354,918	(32,047)
Total	\$731,066	\$687,568	(\$43,498)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$424,983	\$290,172	\$134,811
Special Revenue	448,258	360,761	87,497
Total	\$873,241	\$650,933	\$222,308

4. PROPERTY TAX

Jackson County has levied taxes on behalf of the District to support the activities of the District.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the District. 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 payment, 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 County.

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 Board of Health.

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District Board of Health contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The District Board of Health has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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

7. PRIOR PERIOD RESTATEMENT

The Public Health Trust Fund was reclassified from Expendable Trust Fund Type to Special Revenue Fund Type, resulting in the restatement of the January 1, 1999 Fund balances as follows:

	Special Revenue Fund Type	Expendable Trust Fund Type
Fund cash balances originally stated, December 31, 1998	\$59,344	\$16,458
Prior period adjustment	16,458	(16,458)
Restated fund cash balances, January 1, 1999	\$75,802	\$0

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

District Board of Health
Jackson County
200 East Main Street
Jackson, Ohio 45640

To the Members of the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Jackson County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 30, 2001 wherein we noted the District reclassified the Public Health Trust Fund. 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 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-60740-001.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition listed above is not a material weakness. We also 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 July 30, 2001.

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

This report is intended for the information and use of the audit committee, management, and the Board of Health, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 30, 2001

**DISTRICT BOARD OF HEALTH
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-60740-001

Reportable Condition

The District Board of Health became the Administrative/Fiscal Agent of the Jackson County Family and Children First Council during 2000. Additionally, during 1999, the District Board of Health acted as the Administrative/Fiscal Agent for the Welcome Home Grant of the Family and Children First Council. During 1999 and 2000, the receipts and disbursements of the Jackson County Family and Children First Council were posted in the General Fund of the Board of Health. This resulted in management's inability to easily determine the cash balance of the General Fund and the amount of the Fund Balance that actually belonged to the Family and Children First Council. The activity of the Family and Children First Council had to be adjusted out of the General Fund into an Agency Fund on the Financial Statements. Further, by combining the activities and the funds of the Family and Children First Council with the General Fund of the District Board of Health, management's ability to adequately monitor the District's budgetary position was hampered.

We recommend that the Board of Health establish a separate Agency fund to account for the receipts and disbursements of the Family and Children First Council.



STATE OF OHIO
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JACKSON COUNTY DISTRICT BOARD OF HEALTH

JACKSON 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 30, 2001**