



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Marion County
98 McKinley Park Boulevard
Marion, Ohio 43302

To Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Marion County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 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 District as of December 31, 2002, and December 31, 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 July 16, 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.

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This report is intended solely for the information and use of the audit committee, management, Members of 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

July 16, 2003

**DISTRICT BOARD OF HEALTH
MARION 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:			
Other Local Taxes	\$221,202	\$0	\$221,202
Intergovernmental	24,857	224,842	249,699
Fees	1,920	73,148	75,068
Permits	70,541	15,495	86,036
Licenses	0	38,709	38,709
Fines	1,214	719	1,933
Contractual services	0	22,307	22,307
Other receipts	6,846	1,604	8,450
	<u>326,580</u>	<u>376,824</u>	<u>703,404</u>
Total Cash Receipts			
	<u>326,580</u>	<u>376,824</u>	<u>703,404</u>
Cash Disbursements:			
Salaries	184,340	216,538	400,878
Supplies	13,639	36,106	49,745
Remittances to State	0	9,834	9,834
Equipment	13,055	13,931	26,986
Contracts - Services	22,473	42,926	65,399
Travel	1,756	5,686	7,442
Advertising and printing	1,600	668	2,268
Insurance	36,114	36,392	72,506
Public employee's retirement	23,337	27,469	50,806
Worker's compensation	199	181	380
Other	11,133	2,298	13,431
	<u>307,646</u>	<u>392,029</u>	<u>699,675</u>
Total Cash Disbursements			
	<u>307,646</u>	<u>392,029</u>	<u>699,675</u>
Total Receipts Over/(Under) Disbursements	<u>18,934</u>	<u>(15,205)</u>	<u>3,729</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		32,500	32,500
Advances-In	1,000		1,000
Transfers-Out	(32,500)		(32,500)
Advances-Out		(1,000)	(1,000)
	<u>(31,500)</u>	<u>31,500</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(31,500)</u>	<u>31,500</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,566)	16,295	3,729
Fund Cash Balances, January 1	<u>335,672</u>	<u>293,356</u>	<u>629,028</u>
Fund Cash Balances, December 31	<u>\$323,106</u>	<u>\$309,651</u>	<u>\$632,757</u>
Reserves for Encumbrances, December 31	<u>\$23,267</u>	<u>\$2,669</u>	<u>\$25,936</u>

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

**DISTRICT BOARD OF HEALTH
MARION 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:			
Other Local Taxes	\$218,514	\$0	\$218,514
Intergovernmental	25,135	236,355	261,490
Fees	3,585	45,981	49,566
Permits	61,058	15,540	76,598
Licenses	0	43,652	43,652
Fines	1,136	292	1,428
Contractual services	0	23,363	23,363
Other receipts	16,402	3,083	19,485
	<u>325,830</u>	<u>368,266</u>	<u>694,096</u>
Total Cash Receipts			
	<u>325,830</u>	<u>368,266</u>	<u>694,096</u>
Cash Disbursements:			
Salaries	159,424	200,581	360,005
Supplies	9,023	24,491	33,514
Remittances to State	0	9,171	9,171
Equipment	2,239	2,796	5,035
Contracts - Services	22,908	23,623	46,531
Travel	0	7,317	7,317
Advertising and printing	3,746	745	4,491
Insurance	29,681	16,799	46,480
Public employee's retirement	18,566	23,807	42,373
Worker's compensation	381	225	606
Unemployment compensation	0	633	633
Other	10,897	31,742	42,639
	<u>256,865</u>	<u>341,930</u>	<u>598,795</u>
Total Cash Disbursements			
	<u>256,865</u>	<u>341,930</u>	<u>598,795</u>
Total Receipts Over Disbursements			
	<u>68,965</u>	<u>26,336</u>	<u>95,301</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	2,828	1,000	3,828
Transfers-Out	(1,000)	(2,828)	(3,828)
	<u>1,828</u>	<u>(1,828)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>1,828</u>	<u>(1,828)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	70,793	24,508	95,301
Fund Cash Balances, January 1	264,879	268,848	533,727
Fund Cash Balances, December 31	<u>\$335,672</u>	<u>\$293,356</u>	<u>\$629,028</u>
Reserves for Encumbrances, December 31	<u>\$29,483</u>	<u>\$4,350</u>	<u>\$33,833</u>

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

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Marion County District Board of Health, Marion 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 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:

Child & Family Health Fund – This fund receives grant revenue and program income from clinics. The revenue is used for the staff and for supplies to provide services.

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (continued)

Public Health Nursing Fund - This fund receives income from various clinics and an interagency agreement with Marion Adolescent Pregnancy Program. This revenue is used for the staff and for supplies to provide services.

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, function or object 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 re-appropriated.

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.

**DISTRICT BOARD OF HEALTH
MARION 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	\$304,054	\$327,580	\$23,526
Special Revenue	472,634	409,324	(63,310)
Total	<u>\$776,688</u>	<u>\$736,904</u>	<u>(\$39,784)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$429,372	\$363,413	\$65,959
Special Revenue	449,383	395,698	53,685
Total	<u>\$878,755</u>	<u>\$759,111</u>	<u>\$119,644</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$311,704	\$328,658	\$16,954
Special Revenue	353,795	369,266	15,471
Total	<u>\$665,499</u>	<u>\$697,924</u>	<u>\$32,425</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$425,292	\$287,348	\$137,944
Special Revenue	443,403	349,108	94,295
Total	<u>\$868,695</u>	<u>\$636,456</u>	<u>\$232,239</u>

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

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

3. OTHER LOCAL TAXES 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 Other Local Taxes in the financial statements.

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, PERS 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.

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.

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

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

5. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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>

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Auditor of State Betty Montgomery

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

District Board of Health
Marion County
98 McKinley Park Boulevard
Marion, Ohio 43302

To Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Marion County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated July 16, 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 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 16, 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 a certain 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 July 16, 2003.

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District Board of Health
Marion 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 the audit committee, management and Members of 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

July 16, 2003



**Auditor of State
Betty Montgomery**

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MARION COUNTY DISTRICT BOARD OF HEALTH

MARION 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 9, 2003**