



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
UNION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Union County
621 South Plum Street
Marysville, Ohio 43040

To Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Union 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 accounting principles generally accepted in the United States of America.

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 April 25, 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.

District Board of Health
Union County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, 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

April 25, 2003

**District Board of Health
Union 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$1,067,090	\$0	\$1,067,090
Intergovernmental	168,076	134,394	302,470
Licenses, Permits, and Fees	189,877	175,159	365,036
Contract Services	198,691	0	198,691
Other receipts	15,314	28,110	43,424
	<u>1,639,048</u>	<u>337,663</u>	<u>1,976,711</u>
Total Cash Receipts			
	<u>1,639,048</u>	<u>337,663</u>	<u>1,976,711</u>
Cash Disbursements:			
Salaries	852,296	178,752	1,031,048
Supplies	79,373	17,450	96,823
Remittances to State	0	14,139	14,139
Equipment	15,905	5,388	21,293
Contracts - Services	145,892	23,230	169,122
Travel	28,874	9,584	38,458
Advertising and printing	17,436	5,927	23,363
Public employee's retirement	139,059	30,432	169,491
Worker's compensation	3,690	1,106	4,796
Medicare	12,205	2,251	14,456
Other	110,659	26,085	136,744
	<u>1,405,389</u>	<u>314,344</u>	<u>1,719,733</u>
Total Cash Disbursements			
	<u>1,405,389</u>	<u>314,344</u>	<u>1,719,733</u>
Total Receipts Over Disbursements	233,659	23,319	256,978
Fund Cash Balances, January 1	<u>1,186,584</u>	<u>196,642</u>	<u>1,383,226</u>
Fund Cash Balances, December 31	<u><u>\$1,420,243</u></u>	<u><u>\$219,961</u></u>	<u><u>\$1,640,204</u></u>
Reserves for Encumbrances, December 31	<u><u>\$36,796</u></u>	<u><u>\$7,146</u></u>	<u><u>\$43,942</u></u>

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

**DISTRICT BOARD OF HEALTH
UNION 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:			
Taxes	\$1,052,759	\$0	\$1,052,759
Intergovernmental	111,311	136,401	247,712
Contract Services	111,826	0	111,826
Licenses, Permits, and Fees	186,776	164,510	351,286
Other receipts	10,838	20,186	31,024
	<u>1,473,510</u>	<u>321,097</u>	<u>1,794,607</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	723,350	164,444	887,794
Supplies	66,815	15,581	82,396
Remittances to State	0	12,007	12,007
Equipment	36,537	1,666	38,203
Contracts - Services	136,373	14,702	151,075
Travel	27,367	9,281	36,648
Advertising and printing	18,399	11,349	29,748
Public employee's retirement	56,414	15,249	71,663
Worker's compensation	151	322	473
Medicare	10,399	2,337	12,736
Other	92,778	21,866	114,644
	<u>1,168,583</u>	<u>268,804</u>	<u>1,437,387</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	304,927	52,293	357,220
Fund Cash Balances, January 1	<u>881,657</u>	<u>144,349</u>	<u>1,026,006</u>
Fund Cash Balances, December 31	<u>\$1,186,584</u>	<u>\$196,642</u>	<u>\$1,383,226</u>
Reserve for Encumbrances	<u>\$29,566</u>	<u>\$8,252</u>	<u>\$37,818</u>

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

**DISTRICT BOARD OF HEALTH
UNION 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 District, Union 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 an appointed seven-member Board. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues, and 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:

Water System Fund- This fund operates on money received for services provided, such as new well permits, water sampling, and new septic permits.

**DISTRICT BOARD OF HEALTH
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Food Service Fund- This fund operates on money received for food licenses.

State Litter Control- This fund receives State grant money to provide for litter control.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 District must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The County Budget Commission must also approve estimated resources.

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.

**DISTRICT BOARD OF HEALTH
UNION COUNTY**

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 was as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,556,324	\$1,639,048	\$82,724
Special Revenue	340,382	337,663	(2,719)
Total	<u>\$1,896,706</u>	<u>\$1,976,711</u>	<u>\$80,005</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,523,714	\$1,442,185	\$81,529
Special Revenue	365,912	321,490	44,422
Total	<u>\$1,889,626</u>	<u>\$1,763,675</u>	<u>\$125,951</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,366,529	\$1,473,510	\$106,981
Special Revenue	306,372	321,097	14,725
Total	<u>\$1,672,901</u>	<u>\$1,794,607</u>	<u>\$121,706</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,322,325	\$1,198,149	\$124,176
Special Revenue	333,221	277,056	56,165
Total	<u>\$1,655,546</u>	<u>\$1,475,205</u>	<u>\$180,341</u>

**DISTRICT BOARD OF HEALTH
UNION COUNTY**

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

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.

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.

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 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. The District has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The District is a member of Public Entities Pool of Ohio, a government risk pool. As a member of the pool, the District obtained insurance for the following risks:

- General Liability
- Automobile



**Auditor of State
Betty Montgomery**

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

District Board of Health
Union County
621 South Plum Street
Marysville, Ohio 43040

To Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Union 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 April 25, 2003. We conducted our audit 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 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 a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 25, 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 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 April 25, 2003.

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District Board of Health
Union County
Independent Accountants' Report 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 audit committee, 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

April 25, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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DISTRICT BOARD OF HEALTH

UNION 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**