



**Auditor of State  
Betty Montgomery**



**DISTRICT BOARD OF HEALTH  
GALLIA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health  
Gallia County  
499 Jackson Pike, Suite D  
Gallipolis, Ohio 45631

To the District Board of Health:

We have audited the accompanying financial statement of the District Board of Health, Gallia County, Ohio (the District), as of and for the year ended December 31, 2003. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District Board of Health, Gallia County, as of December 31, 2003, and its combined cash receipts and disbursements for the year 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 7, 2004 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  
Gallia County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, the District 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 7, 2004

**DISTRICT BOARD OF HEALTH  
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Intergovernmental	\$112,884	\$383,300	\$	\$496,184
Taxes	209,829			209,829
Inspection Fees	6,110			6,110
Permits	14,566	1,140		15,706
Other Fees	65,082	596	14,103	79,781
Licenses	1,970	90,753		92,723
Contractual Services	117,599			117,599
Other Receipts		6,002		6,002
<b>Total Cash Receipts</b>	<u>528,040</u>	<u>481,791</u>	<u>14,103</u>	<u>1,023,934</u>
<b>Cash Disbursements:</b>				
Salaries	280,347	278,480		558,827
Supplies	69,962	25,010		94,972
Remittances to State	6,515	37,800	13,732	58,047
Equipment	782	21,538	689	23,009
Contracts - Repair	1,167			1,167
Contracts - Services	30,093	32,889		62,982
Travel and Expenses	5,704	3,165		8,869
Hospitalization	102,353	58,950		161,303
Advertising and Printing	4,562	1,335		5,897
Public Employee's Retirement	37,173	37,485		74,658
Worker's Compensation	4,169	3,550		7,719
Medicare	3,372	3,675		7,047
Other	46,900	11,462		58,362
<b>Total Cash Disbursements</b>	<u>593,099</u>	<u>515,339</u>	<u>14,421</u>	<u>1,122,859</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(65,059)</u>	<u>(33,548)</u>	<u>(318)</u>	<u>(98,925)</u>
<b>Other Financing Receipts:</b>				
Refunds/Reimbursements	55,869	4,923		60,792
Other Sources	4,674			4,674
<b>Total Other Financing Receipts</b>	<u>60,543</u>	<u>4,923</u>	<u>0</u>	<u>65,466</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>(4,516)</u>	<u>(28,625)</u>	<u>(318)</u>	<u>(33,459)</u>
<b>Fund Cash Balances, January 1</b>	<u>49,780</u>	<u>148,239</u>	<u>5,563</u>	<u>203,582</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$45,264</u></u>	<u><u>\$119,614</u></u>	<u><u>\$5,245</u></u>	<u><u>\$170,123</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$9,280</u></u>	<u><u>\$6,735</u></u>	<u><u>\$0</u></u>	<u><u>\$16,015</u></u>

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

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**DISTRICT BOARD OF HEALTH  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The District Board of Health, Gallia 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 District Board of Health and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and health-related licenses and permits issuances.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

**B. Basis of Accounting**

This financial statement follows 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).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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 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 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

*Women, Infants and Children (WIC) Fund* – This fund is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

**DISTRICT BOARD OF HEALTH  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Funds)**

This fund is used to account for resources restricted by legally binding trust agreements. The District had the following significant Fiduciary Fund:

*Children's Trust Fund* – This fund receives a percentage of the fees collected for birth and death certificates to administer the Child Abuse and Neglect Trust Fund.

**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 District Board of Health 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 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 statement.

**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  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$588,583	\$588,583	\$0
Special Revenue	486,714	486,714	0
Fiduciary	14,103	14,103	0
Total	\$1,089,400	\$1,089,400	\$0

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$621,898	\$602,379	\$19,519
Special Revenue	572,523	522,074	50,449
Fiduciary	16,300	14,421	1,879
Total	\$1,210,721	\$1,138,874	\$71,847

**3. PROPERTY TAXES**

The County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The levy generated \$209,829 in 2003. This amount is included as Taxes in the financial statement.

**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 prescribed by the Ohio Revised Code. For 2003, 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 employer contributions required through December 31, 2003.

**DISTRICT BOARD OF HEALTH  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(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. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, 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 \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses 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  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**5. RISK MANAGEMENT (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>2003</u>	<u>2002</u>
Assets	\$25,288,098	\$20,174,97
Liabilities	(12,872,985)	(8,550,749)
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,22</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$3,158,813	\$2,565,408
Liabilities	(792,061)	(655,318)
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

**6. CONTINGENT LIABILITIES**

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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## **Auditor of State Betty Montgomery**

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

District Board of Health  
Gallia County  
499 Jackson Pike, Suite D  
Gallipolis, Ohio 45631

To the District Board of Health:

We have audited the accompanying financial statement of the District Board of Health, Gallia County, Ohio (the District), as of and for the year ended December 31, 2003, and have issued our report thereon dated July 7, 2004. 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 statement is 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated July 7, 2004.

#### **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 in 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 of risk that misstatements in amounts that would be material in relation to the financial statement 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.

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District Board of Health  
Gallia 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 the District 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 7, 2004



**Auditor of State  
Betty Montgomery**

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**DISTRICT BOARD OF HEALTH**

**GALLIA 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 12, 2004**