



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DISTRICT BOARD OF HEALTH
GALLIA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
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, 2001	3
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the 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, 2001. 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 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 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, 2001, 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 September 25, 2002 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 25, 2002

**DISTRICT BOARD OF HEALTH
GALLIA CONTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$243,109	\$	\$	\$243,109
Intergovernmental	107,741	316,300		424,041
Fees	47,790	3,719	10,591	62,100
Licenses	1,715	79,676		81,391
Permits	14,319	4,384		18,703
Contractual services	114,966			114,966
Miscellaneous receipts	17,732	1,470		19,202
Total Cash Receipts	547,372	405,549	10,591	963,512
Cash Disbursements:				
Current:				
Remittance to State		36,567		36,567
Salaries	279,710	195,043		474,753
Supplies	63,069	30,159		93,228
Equipment	10,660	21,708		32,368
Contract Services	55,336	39,044		94,380
Travel and Expenses	6,216	3,769		9,985
Public employee's retirement	37,042	23,983		61,025
Project Fund Expense		643		643
Workers Compensation	5,566	4,357		9,923
Unemployment	7,467			7,467
Advertising and Printing	5,290	3,645		8,935
Medicare	3,409	2,253		5,662
Hospitalization	77,046	26,187		103,233
Other Expenses	40,115	10,399	9,747	60,261
Total Cash Disbursements	590,926	397,757	9,747	998,430
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(43,554)</u>	<u>7,792</u>	<u>844</u>	<u>(34,918)</u>
Other Financing Sources/(Uses):				
Transfers-In	13,037	204		13,241
Transfers-Out	(204)	(13,037)		(13,241)
Refunds/Reimbursements	25,105	7,641		32,746
Total Other Financing Sources/(Uses)	37,938	(5,192)	0	32,746
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(5,616)	2,600	844	(2,172)
Fund Cash Balances, January 1	124,834	90,137	4,367	219,338
Fund Cash Balances, December 31	\$119,218	\$92,737	\$5,211	\$217,166
Reserves for Encumbrances, December 31	\$21,923	\$11,184	\$0	\$33,107

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

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**DISTRICT BOARD OF HEALTH
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Gallia County (the District), is a general health district as defined by Section 3709.01 of the Ohio Revised Code. The District is directed by a five-member Board and a Health Commissioner. Services provided by the District include the inspection and licensing of food establishments, inspection of sewer and water systems, inspection and licensing of solid waste facilities, inspection and licensing of tattoo parlors, inspection of trailer parks and public health nursing programs.

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

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:

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

Child Family Health Services Fund (CFHS) - This fund receives federal grant monies to administer assistance to qualified applicants of the prenatal program.

**DISTRICT BOARD OF HEALTH
GALLIA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund

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

Children's Trust Fund - This fund receives a percentage of the fees collected for birth 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 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 reappropriated.

A summary of 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 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 STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$585,514	\$585,514	\$0
Special Revenue	413,394	413,394	0
Fiduciary	10,591	10,591	0
Total	\$1,009,499	\$1,009,499	\$0

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$628,733	\$613,053	\$15,680
Special Revenue	466,500	421,978	44,522
Fiduciary	10,000	9,747	253
Total	\$1,105,233	\$1,044,778	\$60,455

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 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 also prescribed by the Ohio Revised Code. For 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, 2001.

**DISTRICT BOARD OF HEALTH
GALLIA COUNTY**

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

5. RISK MANAGEMENT

Risk Pool Membership

The Government 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 Insurance

PEP retains casualty risks up to \$250,000 per claim. 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 Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

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, 2001 and 2000 (the latest information available):

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$19,358,458	\$17,112,129
Liabilities	<u>8,827,588</u>	<u>(7,715,035)</u>
Retained earnings	<u>\$10,530,870</u>	<u>\$ 9,397,094</u>
 <u>Property Coverage</u>	 <u>2001</u>	 <u>2000</u>
Assets	\$1,890,323	\$1,575,614
Liabilities	<u>(469,100)</u>	<u>(281,561)</u>
Retained earnings	<u>\$1,421,223</u>	<u>\$1,294,053</u>



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**REPORT OF INDEPENDENT ACCOUNTANTS 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 Members of the Board:

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, 2001, and have issued our report thereon dated September 25, 2002. 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 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 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 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.

District Board of Health
Gallia County
Report of Independent Accountants 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 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 stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

September 25, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GALLIA COUNTY 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
NOVEMBER 7, 2002**