



**Auditor of State
Betty Montgomery**

**CLINTON COUNTY DISTRICT BOARD OF HEALTH
CLINTON COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Clinton County District Board of Health
Clinton County
111 S. Nelson Ave.
Wilmington, Ohio 45177

To Members of the Board:

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

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 Section 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 31, 2003

**CLINTON COUNTY DISTRICT BOARD OF HEALTH
CLINTON 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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Federal awards	\$0	\$199,451	\$0	\$199,451
State Grants	0	6,000	0	6,000
Subdivisions	31,185	0	0	31,185
Levies	178,126	0	0	178,126
Fees	44,599	102,056	0	146,655
Licenses	0	112,569	0	112,569
WIC - SLVL Contingency	0	917	0	917
Permits	183,178	16,051	0	199,229
Other Receipts	12,483	173,501	0	185,984
Total Cash Receipts	449,571	610,545	0	1,060,116
Cash Disbursements:				
Current:				
Salaries	250,999	287,507	0	538,506
Supplies	6,464	10,756	0	17,220
Equipment	5,818	659	0	6,477
Personal Services	0	3,274	0	3,274
Contracts - Services	20,979	1,647	0	22,626
Travel and Expenses	15,495	14,814	0	30,309
Public Employee's Retirement	33,621	38,173	0	71,794
Worker's Compensation	825	1,017	0	1,842
Other Expenses	53,278	75,574	16,507	145,359
State of Ohio - Portion of Permits	0	1,841	0	1,841
State of Ohio Water Testing Fees	0	2,454	0	2,454
Refunds to State of Ohio	0	3,477	0	3,477
Refund to EPA	0	10,000	0	10,000
Remittances	0	5,030	0	5,030
Advertising and Printing	1,804	0	0	1,804
Project Fund Expenses	0	180,540	0	180,540
Total Cash Disbursements	389,283	636,763	16,507	1,042,553
Total Receipts Over/(Under) Disbursements	60,288	(26,218)	(16,507)	17,563
Other Financing Receipts/(Disbursements):				
Transfers-In	0	107,026	0	107,026
Advances-In	27,227	29,000	0	56,227
Transfers-Out	(107,026)	0	0	(107,026)
Advances-Out	(29,000)	(27,227)	0	(56,227)
Reimbursements	21,789	0	0	21,789
Refunds	19,429	0	0	19,429
Total Other Financing Receipts/(Disbursements)	(67,581)	108,799	0	41,218
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,293)	82,581	(16,507)	58,781
Fund Cash Balances, January 1	249,962	327,938	16,507	594,407
Fund Cash Balances, December 31	\$242,669	\$410,519	\$0	\$653,188
Reserves for Encumbrances, December 31	\$1,760	\$7,158	\$0	\$8,918

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

**CLINTON COUNTY DISTRICT BOARD OF HEALTH
CLINTON 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, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Federal awards	\$0	\$147,548	\$0	\$147,548
State Grants	0	5,000	0	5,000
Subdivisions	31,185	0	0	31,185
Levies	180,316	0	0	180,316
Fees	40,012	89,044	0	129,056
Licenses	0	107,289	0	107,289
Permits	206,108	13,015	0	219,123
Other Receipts	11,670	198,394	0	210,064
Total Cash Receipts	469,291	560,290	0	1,029,581
Cash Disbursements:				
Current:				
Salaries	238,882	293,115	0	531,997
Supplies	7,534	11,152	0	18,686
Equipment	9,751	520	0	10,271
Personal Services	0	4,739	0	4,739
Contracts - Services	21,218	2,063	0	23,281
Travel and Expenses	13,995	14,425	0	28,420
Public Employee's Retirement	28,682	36,248	0	64,930
Worker's Compensation	2,876	4,291	0	7,167
Other Expenses	48,074	79,909	0	127,983
State of Ohio - Portion of Permits		1,199	0	1,199
State of Ohio Water Testing Fees	0	1,682	0	1,682
Refunds to State of Ohio	0	3,529	0	3,529
Refund to EPA	0	20,000	0	20,000
Remittances	0	5,196	0	5,196
Advertising and Printing	3,379	0	0	3,379
Project Fund Expenses		174,617	0	174,617
Total Cash Disbursements	374,391	652,685	0	1,027,076
Total Receipts Over/(Under) Disbursements	94,900	(92,395)	0	2,505
Other Financing Receipts/(Disbursements):				
Transfers-In	0	91,500	0	91,500
Advances-In	33,728	29,205	0	62,933
Transfers-Out	(91,500)	0	0	(91,500)
Advances-Out	(29,205)	0	0	(29,205)
Reimbursements	20,630	0	0	20,630
Other Receipts	2,624	0	0	2,624
Total Other Financing Receipts/(Disbursements)	(63,723)	120,705	0	56,982
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	31,177	28,310	0	59,487
Fund Cash Balances, January 1	218,785	299,628	16,507	534,920
Fund Cash Balances, December 31	\$249,962	\$327,938	\$16,507	\$594,407

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

**DISTRICT BOARD OF HEALTH
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Clinton County District Board of Health, Clinton 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 operates under a five-member Board selected by the District Advisory Council, which consists of representatives of the Villages, Townships, and Clinton County Commissioners. The Clinton County Auditor and Treasurer are responsible for the fiscal control of the District's resources. The Clinton County Auditor and Treasurer are responsible for the Fiscal control of the District's resources. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

A Health Commissioner and Medical Director, who is a licensed physician, are appointed by the General Health District Board to supervise the District's activities. 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 that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

**DISTRICT BOARD OF HEALTH
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds (continued)

Women, Infants and Children (WIC) Fund - This is a Federal grant fund used to account for maintaining and operating the District's WIC program.

Public Home Nursing Services (PHNF) Fund - This fund is used to account for monies received for home care and nursing fees.

3. Fiduciary Fund (Expendable Trust Fund)

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

Expendable Trust Fund – This fund was used to account for the funds received as payment for homeowner bonds. The fund was eliminated during the fiscal year 2002.

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 or function 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 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.

**DISTRICT BOARD OF HEALTH
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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	\$457,875	\$518,016	\$60,141
Special Revenue	732,547	746,571	14,024
Expendable Trust	0	0	0
Total	<u>\$1,190,422</u>	<u>\$1,264,587</u>	<u>\$74,165</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$538,374	\$527,069	\$11,305
Special Revenue	796,142	671,148	124,994
Expendable Trust	0	16,507	(16,507)
Total	<u>\$1,334,516</u>	<u>\$1,214,724</u>	<u>\$119,792</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$483,859	\$526,274	\$42,415
Special Revenue	686,889	680,995	(5,894)
Fiduciary	1,000	0	(1,000)
Total	<u>\$1,171,748</u>	<u>\$1,207,269</u>	<u>\$35,521</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$495,112	\$495,096	\$16
Special Revenue	732,188	652,685	79,503
Fiduciary	1,000	0	1,000
Total	<u>\$1,228,300</u>	<u>\$1,147,781</u>	<u>\$80,519</u>

**DISTRICT BOARD OF HEALTH
CLINTON 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. 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.

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 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
CLINTON COUNTY**

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

The District has joined as a member of Public Entities Pool of Ohio, a local government risk pool. Public officials and employees liability is carried with a maximum limit of \$2,000,000. The County maintains comprehensive insurance coverage for real property, building contents, and vehicles.

The District also provides health insurance, dental, and vision coverage to full-time employees through the County.

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

Clinton County District Board of Health
Clinton County
111 S. Nelson Ave.
Wilmington, Ohio 45177

To Members of the Board:

We have audited the accompanying financial statements of the Clinton County District Board of Health, Clinton County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 31, 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 an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated July 31, 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.

District Board of Health
Clinton 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 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 31, 2003



**Auditor of State
Betty Montgomery**

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CLINTON COUNTY DISTRICT BOARD OF HEALTH

CLINTON 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 2, 2003**