



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Hocking County
31260 Chieftan Drive
Logan, Ohio 43138

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Hocking County, Ohio (the District), as of and for the years ended December 21, 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, Hocking 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 10, 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 of Health and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and are 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 10, 2003

DISTRICT BOARD OF HEALTH
HOCKING 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>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 343,554	\$	\$	\$ 343,554
Intergovernmental	121,626	346,258		467,884
Fines, Licenses and Permits	20,674	195,545		216,219
Other Revenue	60,918			60,918
Total Cash Receipts	<u>546,772</u>	<u>541,803</u>	<u>0</u>	<u>1,088,575</u>
Cash Disbursements:				
Salaries - Employees	233,336	320,054		553,390
Fringe Benefits		42,270		42,270
Supplies	25,797	46,072		71,869
Equipment	5,214	7,439		12,653
Contracts - Services and Repair	59,048	12,951		71,999
Telephone	6,634	3,052		9,686
Travel and Expenses	12,185	14,119		26,304
Advertising and Printing	1,654	100		1,754
Public Employee's Retirement	78,373	18,736		97,109
Worker's Compensation	1,854	4,698		6,552
Medicare	7,250	2,075		9,325
Hospitalization	85,840	7,878		93,718
Life Insurance	1,824	76		1,900
Remittances to State	6,143	14,674		20,817
Other Expenses	16,918	363		17,281
Total Cash Disbursements	<u>542,070</u>	<u>494,557</u>	<u>0</u>	<u>1,036,627</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>4,702</u>	<u>47,246</u>	<u>0</u>	<u>51,948</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	12,740	20,000	35,000	67,740
Transfers-Out	(55,000)	(12,740)		(67,740)
Total Other Financing Receipts/(Disbursements)	<u>(42,260)</u>	<u>7,260</u>	<u>35,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(37,558)</u>	<u>54,506</u>	<u>35,000</u>	<u>51,948</u>
Fund Cash Balances, January 1	<u>155,652</u>	<u>174,723</u>	<u>65,214</u>	<u>395,589</u>
Fund Cash Balances, December 31	<u>\$ 118,094</u>	<u>\$ 229,229</u>	<u>\$ 100,214</u>	<u>\$ 447,537</u>
Reserves for Encumbrances, December 31	<u>\$ 999</u>	<u>\$ 1,369</u>	<u>\$ 0</u>	<u>\$ 2,368</u>

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

**DISTRICT BOARD OF HEALTH
HOCKING 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 330,759	\$	\$	\$ 330,759
Intergovernmental	169,933	281,441		451,374
Fines, Licenses and Permits	19,108	205,476		224,584
Other Revenue	61,586			61,586
Total Cash Receipts	<u>581,386</u>	<u>486,917</u>	<u>0</u>	<u>1,068,303</u>
Cash Disbursements:				
Salaries - Employees	216,069	253,297		469,366
Fringe Benefits		40,008		40,008
Supplies	33,919	52,604		86,523
Equipment	10,516	405		10,921
Contracts - Services and Repair	78,327	15,393		93,720
Travel and Expenses	11,842	15,454		27,296
Advertising and Printing	880	1,061		1,941
Public Employee's Retirement	63,928	13,914		77,842
Worker's Compensation	2,019	4,109		6,128
Medicare	6,169	1,429		7,598
Hospitalization	64,065	4,370		68,435
Remittances to State	5,275	14,623		19,898
Other	39,031	2,766		41,797
Total Cash Disbursements	<u>532,040</u>	<u>419,433</u>	<u>0</u>	<u>951,473</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>49,346</u>	<u>67,484</u>	<u>0</u>	<u>116,830</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	536	25,000	75,214	100,750
Transfers-Out	(35,000)	(536)	(65,214)	(100,750)
Total Other Financing Receipts/(Disbursements)	<u>(34,464)</u>	<u>24,464</u>	<u>10,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>14,882</u>	<u>91,948</u>	<u>10,000</u>	<u>116,830</u>
Fund Cash Balances, January 1	<u>140,770</u>	<u>82,775</u>	<u>55,214</u>	<u>278,759</u>
Fund Cash Balances, December 31	<u>\$ 155,652</u>	<u>\$ 174,723</u>	<u>\$ 65,214</u>	<u>\$ 395,589</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**DISTRICT BOARD OF HEALTH
HOCKING 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, Hocking County (the District), is a general health district as defined by Ohio Revised Code Section 3709.07. The District is directed by an appointed five member board and an appointed Health Commissioner. The District's services include the inspection and licensing of food establishments, inspections of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

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

Food Service Fund – This fund receives monies from licenses issued to food service providers.

Sewage Fund – This fund receives fees for permits issued for the installation of septic systems.

**DISTRICT BOARD OF HEALTH
HOCKING 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)

Women, Infants and Children (WIC) Fund – This fund receives money to provide supplemental nutritious food and nutrition education as an adjunct to good health care to low-income persons in critical periods of growth and development.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The District had the following significant Capital Projects Fund:

Public Health Contingency Fund – This fund receives money from transfers from the General Fund to provide funds for capital improvements to the District's facilities and allow monies to be available for nuisance abatement.

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 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
HOCKING 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	\$ 485,662	\$ 559,512	\$ 73,850
Special Revenue	545,483	561,803	16,320
Capital Projects	75,214	35,000	(40,214)
Total	\$ 1,106,359	\$ 1,156,315	\$ 49,956

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 641,314	\$ 598,069	\$ 43,245
Special Revenue	680,048	508,666	171,382
Capital Projects	75,214	0	75,214
Total	\$ 1,396,576	\$ 1,106,735	\$ 289,841

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 528,933	\$ 581,922	\$ 52,989
Special Revenue	485,363	511,917	26,554
Capital Projects	10,000	75,214	65,214
Total	\$ 1,024,296	\$ 1,169,053	\$ 144,757

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 640,713	\$ 567,040	\$ 73,673
Special Revenue	549,895	419,969	129,926
Capital Projects	65,214	65,214	0
Total	\$ 1,255,822	\$ 1,052,223	\$ 203,599

**DISTRICT BOARD OF HEALTH
HOCKING COUNTY**

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

3. 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 statement as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

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.

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, members of 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 employer contributions required through December 31, 2002.

5. RISK MANAGEMENT

The Hocking County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The District is covered by these policies.

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.



**Auditor of State
Betty Montgomery**

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

District Board of Health
Hocking County
31260 Chieftan Drive
Logan, Ohio 43138

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Hocking County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 10, 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 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 10, 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 Health
Hocking 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 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 10, 2003



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

DISTRICT BOARD OF HEALTH

HOCKING 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 23, 2003**