



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Logan County
310 S. Main Street
Bellefontaine, Ohio 43311

To Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Logan County, (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 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 April 30, 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 management, 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

April 30, 2003

**DISTRICT BOARD OF HEALTH
LOGAN 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:			
Intergovernmental	\$123,610	\$4,795	\$128,405
Federal Awards		189,649	189,649
Inspection fees	35,784		35,784
Permits	10,154	27,323	37,477
Other fees	92,177	16,729	108,906
Charges for Services		558,867	558,867
Licenses	4,575	148,649	153,224
Contractual services	50,039		50,039
Taxes	673,479		673,479
Other receipts	27,055	1,950	29,005
	<u>1,016,873</u>	<u>947,962</u>	<u>1,964,835</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	703,363	458,590	1,161,953
Supplies	30,415	18,211	48,626
Remittances to State	13,041	79,879	92,920
Equipment	4,013	3,360	7,373
Contracts - Repair	13,728	1,674	15,402
Contracts - Services	47,811	115,509	163,320
Rentals	11,765		11,765
Travel	29,789	16,943	46,732
Utilities and rentals	16,929	2,721	19,650
Advertising and printing	915		915
Public employee's retirement	93,545	39,737	133,282
Worker's compensation	6,108	2,550	8,658
Return of federal grant proceeds		392	392
Loan Payment:			
Principal	23,750		23,750
Interest	41,325		41,325
Other	15,571	6,293	21,864
	<u>1,052,068</u>	<u>745,859</u>	<u>1,797,927</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	(35,195)	202,103	166,908
Fund Cash Balances, January 1	<u>445,348</u>	<u>350,650</u>	<u>795,998</u>
Fund Cash Balances, December 31	<u><u>\$410,153</u></u>	<u><u>\$552,753</u></u>	<u><u>\$962,906</u></u>
Reserve for Encumbrances, December 31	<u><u>\$68,733</u></u>	<u><u>\$36,912</u></u>	<u><u>\$105,645</u></u>

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

**DISTRICT BOARD OF HEALTH
LOGAN 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:			
Intergovernmental	\$103,987	\$2,000	\$105,987
Federal Awards		128,390	128,390
Inspection fees	31,481		31,481
Permits	7,002	24,560	31,562
Other fees	83,075	13,710	96,785
Charges for Services		373,591	373,591
Licenses	4,035	132,703	136,738
Contractual services	48,924	1,364	50,288
Taxes	662,250		662,250
Other receipts	24,659	4,642	29,301
	<u>965,413</u>	<u>680,960</u>	<u>1,646,373</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	661,643	420,533	1,082,176
Supplies	26,744	11,775	38,519
Remittances to State	8,389	74,942	83,331
Equipment	4,658	840	5,498
Contracts - Repair	6,163	1,270	7,433
Contracts - Services	50,804	82,568	133,372
Rentals	1,904		1,904
Travel	27,876	13,630	41,506
Utilities and rentals	17,708	2,497	20,205
Advertising and printing	1,264		1,264
Public employee's retirement	88,691	36,774	125,465
Worker's compensation	19,922	8,309	28,231
Return of federal grant proceeds		1,940	1,940
Other	19,114	4,622	23,736
	<u>934,880</u>	<u>659,700</u>	<u>1,594,580</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	30,533	21,260	51,793
Fund Cash Balances, January 1	<u>414,815</u>	<u>329,390</u>	<u>744,205</u>
Fund Cash Balances, December 31	<u>\$445,348</u>	<u>\$350,650</u>	<u>\$795,998</u>
Reserve for Encumbrances, December 31	<u>\$52,710</u>	<u>\$16,973</u>	<u>\$69,683</u>

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

**DISTRICT BOARD OF HEALTH
LOGAN 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, Logan County, (the "District"), is a combined health district pursuant to Ohio Rev. Code Section 3709.07. The District operates under the direction of an appointed six member board of health and is responsible for the administration of all health programs established by the Ohio Rev. Code and the Ohio Department of Health. The District's services include the prevention and restriction of disease, the inspection and licensing of public health programs, community nursing activities, and home health 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 (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:

Public Health Nursing Fund - This fund is used to record the revenues and expenditures for home health services provided by the District. Revenue is derived from fees charged for services provided and expenditures are directly related to the cost of providing these services.

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

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.

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	\$961,350	\$1,016,873	\$55,523
Special Revenue	675,029	947,962	272,933
Total	\$1,636,379	\$1,964,835	\$328,456

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,235,448	\$1,120,801	\$114,647
Special Revenue	856,465	782,771	73,694
Total	\$2,091,913	\$1,903,572	\$188,341

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$923,870	\$965,413	\$41,543
Special Revenue	555,600	680,960	125,360
Total	\$1,479,470	\$1,646,373	\$166,903

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,127,886	\$987,590	\$140,296
Special Revenue	717,703	676,673	41,030
Total	\$1,845,589	\$1,664,263	\$181,326

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 statements 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 taxed on behalf of the District.

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

4. RETIREMENT SYSTEM

The District's 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. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during 2002 and 2001 were as follows:

	Balance at December 31, 2000	Additions	Deductions	Balance at December 31, 2002
Building Purchase Loan with Logan County Commissioners	\$0	\$475,000	\$23,750	\$451,250

On January 9, 2001, the Logan County Commissioners agreed to loan the funds necessary for the purchase of the District Board of Health office facility to the District. The District indicates the loan was to be repaid over a 20 year period with a 6% interest only payment for year 2001. This interest payment was made during 2002.

The District has indicated that their understanding of the loan agreement, via a letter from the Logan County Auditor, is that the interest rate for year 2002 and 2003 is 3% and the interest rate for year 2004 is 3.5%. The letter indicated the interest rate will be reevaluated at the end of 2004, and thereafter as determined by the Logan County Commissioners. The final maturity date is December 2021.

Principal payments through 2021 and interest calculated only through year 2004 are presented in the following table:

Calendar year Ending December 31,	Principal	Interest	Total
2003	\$23,750	\$13,537	\$37,287
2004	23,750	14,963	38,713
2005	23,750		
2006	23,750		
2007	23,750		
2008-2012	118,750		
2013-2017	118,750		
2018-2021	95,000		
Total	\$451,250	\$28,500	\$479,750

**DISTRICT BOARD OF HEALTH
LOGAN COUNTY**

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

6. RISK MANAGEMENT

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 occurrence. 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-occurrence limit of \$2,000,000.

Property Coverage

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

Logan County District Board of Health
Logan County
310 S. Main Street
Bellefontaine, Ohio 43311

To Members of the Board:

We have audited the financial statements of the District Board of Health, Logan County, (the "District"), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 30, 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*.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 30, 2003.

District Board of Health
Logan 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 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 30, 2003



**Auditor of State
Betty Montgomery**

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DISTRICT BOARD OF HEALTH

LOGAN 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
MAY 22, 2003**