



**Auditor of State
Betty Montgomery**

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Sidney-Shelby County Board of Health
Shelby County
202 W. Poplar Street
Sidney, Ohio 45365

To Members of the Board:

We have audited the accompanying financial statements of Sidney-Shelby County Board of Health (the Board of Health) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Board of Health'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 Board of Health 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 of the Sidney-Shelby County Board of Health 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 February 4, 2003, on our consideration of the Board of Health'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.

Sidney-Shelby County Board of Health
Shelby County
Independent Accountants' Report
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This report is intended solely for the information and use of the management, the Board, 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

February 4, 2003

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY 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:			
Property Taxes	\$530,378		\$530,378
Local Grant Funding		\$21,059	21,059
Intergovernmental Receipts	140,662	156,335	296,997
License and Permits	35,724	286,938	322,662
Charges for Service	316,261	61,651	377,912
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Total Cash Receipts	1,023,025	525,983	1,549,008
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Cash Disbursements:			
Salaries	602,645	255,785	858,430
Public Employees Retirement	78,954	34,665	113,619
Medicare	6,764	3,456	10,220
Remittance to State		14,051	14,051
Supplies	44,242	9,048	53,290
Equipment	961	13,930	14,891
Contract Services	5,000	79,836	84,836
Health Insurance	30,893	29,550	60,443
Travel and Expenses	21,228	14,182	35,410
Utilities and rent	80,933		80,933
Advertising and Printing	859		859
Worker's Compensation	2,567	1,194	3,761
Other Expenses	82,697	24,956	107,653
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Total Disbursements	957,743	480,653	1,438,396
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Total Receipts Over Disbursements	65,282	45,330	110,612
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Fund Cash Balances, January 1	193,670	151,398	345,068
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Fund Cash Balances, December 31	<u>\$258,952</u>	<u>\$196,728</u>	<u>\$455,680</u>

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

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY 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>	
Cash Receipts:			
Property Taxes	\$526,869		\$526,869
Local Grant Funding		\$20,326	20,326
Intergovernmental Receipts	64,942	92,930	157,872
License and Permits	33,868	239,378	273,246
Charges for Service	303,100	42,111	345,211
Total Cash Receipts	<u>928,779</u>	<u>394,745</u>	<u>1,323,524</u>
Cash Disbursements:			
Salaries	560,404	294,341	854,745
Public Employees Retirement	66,187	17,875	84,062
Medicare	6,271	2,203	8,474
Remittance to State		12,404	12,404
Supplies	45,019	8,090	53,109
Equipment	6,481		6,481
Contract Services	4,570	51,991	56,561
Health Insurance	29,201	11,540	40,741
Travel and Expenses	21,853	15,980	37,833
Utilities and rent	71,398		71,398
Advertising and Printing	1,148		1,148
Worker's Compensation	5,836	1,483	7,319
Other Expenses	71,282	21,222	92,504
Total Disbursements	<u>889,650</u>	<u>437,129</u>	<u>1,326,779</u>
Total Receipts Over/(Under) Disbursements	<u>39,129</u>	<u>(42,384)</u>	<u>(3,255)</u>
Other Financing Receipts/(Disbursements):			
Advances-In	3,000	20,000	23,000
Advances-Out	(20,000)	(3,000)	(23,000)
Total Other Financing Receipts/(Disbursements)	<u>(17,000)</u>	<u>17,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>22,129</u>	<u>(25,384)</u>	<u>(3,255)</u>
Fund Cash Balances, January 1	<u>171,541</u>	<u>176,782</u>	<u>348,323</u>
Fund Cash Balances, December 31	<u><u>\$193,670</u></u>	<u><u>\$151,398</u></u>	<u><u>\$345,068</u></u>

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

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Sidney-Shelby County Board of Health, Shelby County, (the Board of Health) operates pursuant to Section 3709.07 of the Revised Code. It is responsible for health services in Shelby County, including the townships, villages, and the City of Sidney. The Board of Health operates under the directions of a five member board. The County Auditor and County Treasurer are responsible for fiscal control of the resources of the Board of Health. Services provided by the Board of Health include: prevention and restriction of diseases, sanitation, immunization clinics, inspections, public health nursing services, removal of nuisances, vital statistics and issues health-related licenses and permits.

The Board of Health's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

Shelby County Auditor, as fiscal agent for the Sidney-Shelby County Board of Health, prepares the Board of Health's financial statements on a basis of accounting prescribed or permitted by the Auditor of State, which is similar to 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 Board of Health had the following significant Special Revenue Funds:

Well Child Grant Fund - This fund receives revenue from a grant to provide well child services to County residents.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Food Service Fund - This fund receives revenue from the sales of licenses to establishments who prepare food for public consumption.

Water Systems Fund - This fund receives revenue from well permits and the testing of water samples.

Plumbing Fund - This fund receives revenue from the issuance of plumbing licenses and permits.

Building Fund - This fund receives revenue from the issuance of building permits and inspections of residential and commercial structures.

E. Budgetary Process

The Ohio Revised Code requires each fund to be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/function/object level of control and appropriations may not exceed estimated resources. The Board must annually approved appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measurements and amendments thereto. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Board of Health to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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.

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid vacation and sick leave are not reflected as liabilities under the Board of Health'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	\$959,805	\$1,023,025	\$63,220
Special Revenue	475,774	525,983	50,209
Total	<u>\$1,435,579</u>	<u>\$1,549,008</u>	<u>\$113,429</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,006,700	\$957,743	\$48,957
Special Revenue	565,175	480,653	84,522
Total	<u>\$1,571,875</u>	<u>\$1,438,396</u>	<u>\$133,479</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$838,124	\$928,779	\$90,655
Special Revenue	365,332	394,745	29,414
Total	<u>\$1,203,456</u>	<u>\$1,323,524</u>	<u>\$120,069</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$893,993	\$889,650	\$4,343
Special Revenue	480,800	437,129	43,671
Total	<u>\$1,374,793</u>	<u>\$1,326,779</u>	<u>\$48,014</u>

**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY 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 the 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.

The County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the Board of Health with sufficient funds to carry out health programs.

4. RETIREMENT SYSTEM

The Board of Health'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 Board of Health contributed an amount equal to 13.55% of participants' gross salaries. The Board of Health has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

The Board of Health has obtained commercial insurance for building contents and vehicles.



**Auditor of State
Betty Montgomery**

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

Sidney-Shelby County Board of Health
Shelby County
202 W. Poplar Street
Sidney, Ohio 45365

To the Board of Health:

We have audited the accompanying financial statements of Sidney-Shelby County Board of Health (the Board of Health) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 4, 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 Board of Health'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 Board of Health'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 Board of Health in a separate letter dated February 4, 2003.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Sidney-Shelby County Board of Health
Shelby County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 4, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SIDNEY-SHELBY COUNTY BOARD OF HEALTH

SHELBY 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
APRIL 10, 2003**