



**Auditor of State  
Betty Montgomery**



**MADISON COUNTY – LONDON CITY HEALTH DISTRICT  
MADISON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Madison County – London City Health District  
Madison County  
13 North Oak Street  
London, Ohio 43140

To the Members of the Board:

We have audited the accompanying financial statements of Madison County – London City Health District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2004 and December 31, 2003. 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 reasonably assure 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 described more fully in Note 1, the District prepared 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Madison County – London City Health District, Madison County, Ohio, as of December 31, 2004 and December 31, 2003, 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 March 31, 2005, 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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We intend this report solely for the information and use of management, Members of the Board, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code. No one else should use it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 31, 2005

**MADISON COUNTY - LONDON CITY GENERAL HEALTH DISTRICT  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal awards	\$45,009	\$270,555	\$315,564
Intergovernmental	0	126,761	126,761
Subdivisions	595,238	70,817	666,055
Permits	39,749	154,583	194,332
Other fees	33,858	51,305	85,163
Other receipts	78,150	14,861	93,011
<b>Total Cash Receipts</b>	<u>792,004</u>	<u>688,882</u>	<u>1,480,886</u>
<b>Cash Disbursements:</b>			
Salaries	278,964	548,544	827,508
Supplies	28,289	26,328	54,617
Remittances to State	0	5,601	5,601
Equipment	16,257	0	16,257
Contracts - Services	99,118	4,400	103,518
Travel	5,580	21,835	27,415
Advertising and printing	1,864	23,031	24,895
Public employee's retirement	34,967	75,666	110,633
Worker's compensation	3,113	6,037	9,150
Other	44,638	147,936	192,574
<b>Total Disbursements</b>	<u>512,790</u>	<u>859,378</u>	<u>1,372,168</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>279,214</u>	<u>(170,496)</u>	<u>108,718</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		164,500	164,500
Advances-In	4,790	10,000	14,790
Transfers-Out	(164,500)	0	(164,500)
Advances-Out	(10,000)	(4,790)	(14,790)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(169,710)</u>	<u>169,710</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>109,504</u>	<u>(786)</u>	<u>108,718</u>
<b>Fund Cash Balances, January 1</b>	<u>542,784</u>	<u>408,307</u>	<u>951,091</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$652,288</u></u>	<u><u>\$407,521</u></u>	<u><u>\$1,059,809</u></u>

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

**MADISON COUNTY - LONDON CITY HEALTH DISTRICT  
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal awards	\$4,546	\$241,574	\$246,120
Intergovernmental	0	140,994	140,994
Subdivisions	616,211	0	616,211
Permits	40,066	110,415	150,481
Other fees	29,814	162,303	192,117
Licenses	0	63,832	63,832
Other receipts	39,076	2,025	41,101
	<u>729,713</u>	<u>721,143</u>	<u>1,450,856</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Salaries	216,608	508,167	724,775
Supplies	25,789	32,251	58,040
Equipment	36,171	5,884	42,055
Rentals	61,832	0	61,832
Travel	6,981	17,021	24,002
Advertising and printing	1,159	13,108	14,267
Public employee's retirement	30,556	77,614	108,170
Worker's compensation	1,262	3,937	5,199
Other	30,505	102,292	132,797
	<u>410,863</u>	<u>760,274</u>	<u>1,171,137</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>318,850</u>	<u>(39,131)</u>	<u>279,719</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		169,480	169,480
Advances-In	2,363	35,000	37,363
Transfers-Out	(169,480)		(169,480)
Advances-Out	(35,000)		(35,000)
	<u>(202,117)</u>	<u>204,480</u>	<u>2,363</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	116,733	165,349	282,082
Fund Cash Balances, January 1	<u>426,051</u>	<u>242,958</u>	<u>669,009</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$542,784</u></b>	<b><u>\$408,307</u></b>	<b><u>\$951,091</u></b>

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



**MADISON COUNTY - LONDON CITY HEALTH DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Madison County – London City Health District, Madison County, Ohio, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District was established as a contractual union of the London City Health District with the Madison County Health District. The District operates under Section 3709.02 and Section 3709.07, Ohio Revised Code and Administrative Codes and any programs deemed necessary by the District. The District's services include, but are not limited to, the recording of certificates of vital statistics, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 adequately disclose material matters the Auditor of State's accounting basis requires.

**C. Cash**

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, 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 accounts for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

These funds 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:

**MADISON COUNTY - LONDON CITY HEALTH DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund that accounts for the money received and expended for the Special Supplement Nutrition program.

Public Health Nursing (PHN) Fund - This fund is used to account for monies received and expended for provision of public health services including: provision of immunization services and public nursing services.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund annually.

**1. Appropriations**

On or before the first Monday in April, the District must adopt an itemized appropriation resolution. The itemized resolution must be certified to the County Auditor, and submitted to the County Budget commission, which may reduce any item on such appropriation measure, but not increase any item or aggregate of all items. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. 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. The County Budget Commission must also approve estimated resources. On or before the first Monday in April, the District must certify to the County Auditor an estimate, in itemized form, of the sources of revenue available to the District. This estimate serves as the basis for the annual appropriation measure.

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**MADISON COUNTY - LONDON CITY HEALTH DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**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 basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

Madison County (the fiscal agent of the Health District) maintains a cash and investments pool used by all funds and special districts for which the County acts as fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 to be used by the District was as follows:

	<b>2004</b>	<b>2003</b>
Total deposits	\$1,059,808	\$951,091

Any depository that receives a County deposit or investment is required to pledge, to the investing authority as collateral, eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation, equals or exceeds the amount of County funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. Effective in calendar year 2000 the pool of securities so pledged must have a current market value at least equal to 105% of all public monies on deposit with the depository including the amount covered by federal insurance.

The District's fiscal agent, Madison County is responsible for ensuring that all collateral requirements are met.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$703,569	\$792,004	\$88,435
Special Revenue	998,859	853,382	(145,477)
Total	\$1,702,428	\$1,645,386	(\$57,042)

**MADISON COUNTY - LONDON CITY HEALTH DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$850,797	\$677,290	\$173,507
Special Revenue	971,473	859,378	112,095
Total	<u>\$1,822,270</u>	<u>\$1,536,668</u>	<u>\$285,602</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$749,784	\$729,713	(\$20,071)
Special Revenue	1,620,097	890,623	(729,474)
Total	<u>\$2,369,881</u>	<u>\$1,620,336</u>	<u>(\$749,545)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$666,534	\$580,343	\$86,191
Special Revenue	1,010,749	760,274	250,475
Total	<u>\$1,677,282</u>	<u>\$1,340,617</u>	<u>\$336,665</u>

**4. 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. The financial statements present these amounts as intergovernmental receipts.

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$595,238 in 2004 and \$616,211 in 2003. The collections are reflected as Subdivision on the financial statements.

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) OPERS is a state operated, cost-sharing, multiple employer retirement system. OPERS, provides retirement benefits to vested employees who are eligible to retire based upon years of services. OPERS, also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The District's OPERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55 % of participants' gross salaries for 2004 and 2003. The District has paid all contributions required through December 31, 2004.

**MADISON COUNTY - LONDON CITY HEALTH DISTRICT  
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RISK MANAGEMENT**

On behalf of the Madison County – London City Health District, the Madison County Board of Commissioners maintains comprehensive insurance coverage with private carriers for real property. The District provides its own coverage for the building contents. The building contents are 100% insured. The District also maintains additional insurance coverage in the form of a general liability policy.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Madison County – London City Health District  
Madison County  
13 North Oak Street  
London, Ohio 43140

To the Members of the Board:

We have audited the financial statements of the Madison County – London City Health District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated March 31, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated March 31, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Madison County – London City Health District  
Madison County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the management and Members of the Board. It is not intended for 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

March 31, 2005





**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**MADISON COUNTY – LONDON CITY HEALTH DISTRICT**

**MADISON 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 31, 2005**