



**Auditor of State  
Betty Montgomery**



PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

General Health District  
Pickaway County  
465 E. Ohio Street, P.O. Box 613  
Circleville, Ohio 43113

To the Board of Health:

We have audited the accompanying financial statements of the General Health District, Pickaway County, Ohio, (the District) as of and for the years ended December 31, 2003 and December 31, 2002. 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 described 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 of the General Health District, Pickaway County, Ohio, as of December 31, 2003 and December 31, 2002, 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 May 7, 2004 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.

General Health District  
Pickaway County  
Independent Accountants' Report  
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This report is intended solely for the information and use of 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

May 7, 2004

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY 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>			
Taxes	\$268,728	\$0	\$268,728
Charges for Services	196,904	7,495	204,399
Intergovernmental-Federal	0	272,989	272,989
Intergovernmental-State	15,288	244,327	259,615
Fees, Licenses and Permits	62,893	151,643	214,536
Miscellaneous	7,653	941	8,594
	<u>551,466</u>	<u>677,395</u>	<u>1,228,861</u>
Total Cash Receipts			
	<u>551,466</u>	<u>677,395</u>	<u>1,228,861</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	561,014	352,617	913,631
Supplies	33,530	145,570	179,100
Remittances to State	0	11,821	11,821
Equipment	0	6,980	6,980
Contracts - Services	2,750	11,944	14,694
Travel and Expenses	30,108	0	30,108
Leases	20,476	0	20,476
Project Fund Expenses	0	4,664	4,664
Other	85,041	364	85,405
	<u>732,919</u>	<u>533,960</u>	<u>1,266,879</u>
Total Cash Disbursements			
	<u>732,919</u>	<u>533,960</u>	<u>1,266,879</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(181,453)</u>	<u>143,435</u>	<u>(38,018)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	105,237	2,600	107,837
Advances-In	20,000	20,000	40,000
Transfers-Out	0	(107,837)	(107,837)
Advances-Out	(20,000)	(20,000)	(40,000)
	<u>105,237</u>	<u>(105,237)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>105,237</u>	<u>(105,237)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(76,216)	38,198	(38,018)
Fund Cash Balances, January 1	<u>124,001</u>	<u>194,979</u>	<u>318,980</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$47,785</b></u>	<u><b>\$233,177</b></u>	<u><b>\$280,962</b></u>

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

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Taxes	\$268,728	\$0	\$268,728
Charges for Services	169,790	20,144	189,934
Intergovernmental-Federal	0	266,854	266,854
Intergovernmental-State	17,513	22,884	40,397
Fees, Licenses and Permits	57,244	147,533	204,777
Miscellaneous	16,489	9,638	26,127
<b>Total Cash Receipts</b>	<u>529,764</u>	<u>467,053</u>	<u>996,817</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	405,897	344,750	750,647
Supplies	29,718	38,010	67,728
Remittances to State	0	9,272	9,272
Equipment	4,197	11	4,208
Contracts - Services	3,000	0	3,000
Travel and Expenses	21,009	0	21,009
Leases	15,123	0	15,123
Project Fund Expenses	0	43,465	43,465
Other	84,848	4,643	89,491
<b>Total Cash Disbursements</b>	<u>563,792</u>	<u>440,151</u>	<u>1,003,943</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(34,028)</u>	<u>26,902</u>	<u>(7,126)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	25,251	0	25,251
Transfers-Out	0	(25,251)	(25,251)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>25,251</u>	<u>(25,251)</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(8,777)</u>	<u>1,651</u>	<u>(7,126)</u>
<b>Fund Cash Balances, January 1</b>	<u>132,778</u>	<u>193,328</u>	<u>326,106</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$124,001</u></u>	<u><u>\$194,979</u></u>	<u><u>\$318,980</u></u>

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



**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Pickaway County General Health District, Pickaway County, (the District) is defined by Ohio Revised Code, Section 3709.01. The District operates under an appointed five-member board and a Health Commissioner and is responsible for the administration of all health programs established by the Ohio Revised Code, the Ohio Department of Health and the Public Health Council. The District's services include, but are not limited to, inspections and licensing of public health programs, community nursing activities, the control of communicable disease, immunization clinics, and environmental health programs.

By law, the Pickaway County Auditor and Treasurer are fiscal agents of the District.

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 by the County Treasury. The District's portion of the cash and investment pool was \$280,962 as of December 31, 2003 and \$318,980 as of December 31, 2002. The disclosures of the makeup of the cash and investment pool are made in the Pickaway County General Purpose Financial Statements for the years ended December 31, 2003 and December 31, 2002.

At fiscal year-end, the amount of the District's bank deposits was \$106,729 as December 31, 2003 and \$4,144 as of December 31, 2002. The December 31, 2002 bank balance was covered by federal depository insurance. The December 31, 2003 bank balance was covered by federal depository insurance for \$100,000. The remaining \$6,729 was covered by securities pledged to Pickaway County, since Pickaway County is the fiscal agent for the District.

**D. Fund Accounting**

The District uses fund accounting to segregate cash 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.

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**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 Funds:

*Women, Infants and Children (WIC) Fund* - This is a Federal grant fund used to support the general public for pregnant women, mothers and infants with specific education and supplemental nutritional needs.

*Children and Family Health Fund* – This is a Federal grant that is used to outreach to the general public with a complete well child clinic. A staff of four physicians, a registered dietician, a speech therapist and a social worker are employed to provide public health services.

**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 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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.

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$670,158	\$656,703	(\$13,455)
Special Revenue	627,547	679,995	52,448
Total	\$1,297,705	\$1,336,698	\$38,993

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$781,159	\$732,919	\$48,240
Special Revenue	755,156	641,797	113,359
Total	\$1,536,315	\$1,374,716	\$161,599

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$578,385	\$555,015	(\$23,370)
Special Revenue	577,987	467,053	(110,934)
Total	\$1,156,372	\$1,022,068	(\$134,304)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$595,941	\$563,792	\$32,149
Special Revenue	533,035	465,402	67,633
Total	\$1,128,975	\$1,029,194	\$99,781

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. TAX 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 as tax 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 2003 and 2002, 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, 2003.

**5. 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. The District maintains casualty coverage through PEP.

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.

The aforementioned casualty 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, the most recent information available:

<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>

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

<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 Pickaway County Commissioners maintain, on behalf of the District, comprehensive insurance coverage with private carriers for real property, building contents, and vehicles.

**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*

General Health District  
Pickaway County  
465 E. Ohio Street, P.O. Box 613  
Circleville, Ohio 43113

To the Board of Health:

We have audited the accompanying financial statements of the General Health District, Pickaway County, Ohio, (the District) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated May 7, 2004. 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 an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated May 7, 2004.

#### 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 matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 7, 2004.

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General Health District  
Pickaway County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of 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

May 7, 2004





**Auditor of State  
Betty Montgomery**

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800-282-0370  
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**PICKAWAY COUNTY GENERAL HEALTH DISTRICT**

**PICKAWAY 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  
JUNE 24, 2004**