



**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 Members of the Board:

We have audited the accompanying financial statements of the Madison County – London City Health District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2002 and December 31 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 of the Madison County – London City Health District as of December 31, 2002 and December 31 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 May 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.

Madison County – London City Health District
Madison 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

May 30, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$583,997	\$0	\$583,997
Intergovernmental	0	238,469	238,469
Charges for Services	25,541	133,954	159,495
Licenses, Permits, and Fees	48,823	148,587	197,410
Other Receipts	60,296	64,765	125,061
Total Cash Receipts	<u>718,657</u>	<u>585,775</u>	<u>1,304,432</u>
Cash Disbursements:			
Salaries	137,315	437,800	575,115
Supplies	13,091	31,865	44,956
Remittances to State	0	5,891	5,891
Equipment	31,758	0	31,758
Contracts - Services	43,082	0	43,082
Travel	5,805	30,573	36,378
Advertising and Printing	1,646	0	1,646
Public Employee's Retirement	15,692	53,199	68,891
Worker's Compensation	2,381	9,880	12,261
Medicare	1,425	5,413	6,838
Other	18,975	47,904	66,879
Total Cash Disbursements	<u>271,170</u>	<u>622,525</u>	<u>893,695</u>
Total Receipts Over/(Under) Disbursements	<u>447,487</u>	<u>(36,750)</u>	<u>410,737</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	110,368	110,368
Advances-In	20,000	5,000	25,000
Transfers-Out	(110,368)	0	(110,368)
Advances-Out	(5,000)	(20,000)	(25,000)
Total Other Financing Receipts/(Disbursements)	<u>(95,368)</u>	<u>95,368</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>352,119</u>	<u>58,618</u>	<u>410,737</u>
Fund Cash Balances, January 1	<u>73,931</u>	<u>184,341</u>	<u>258,272</u>
Fund Cash Balances, December 31	<u><u>\$426,050</u></u>	<u><u>\$242,959</u></u>	<u><u>\$669,009</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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$142,707	\$0	\$142,707
Intergovernmental	0	177,158	177,158
Charges for Services	66,243	130,098	196,341
Licenses, Permits, and Fees	47,120	148,587	195,707
Other Receipts	25,330	57,302	82,632
Total Cash Receipts	<u>281,400</u>	<u>513,145</u>	<u>794,545</u>
Cash Disbursements:			
Salaries	93,468	390,325	483,793
Supplies	9,235	27,676	36,911
Remittances to State	0	6,030	6,030
Equipment	3,942	0	3,942
Contracts - Services	37,968	0	37,968
Travel	3,011	30,927	33,938
Advertising and Printing	3,496	0	3,496
Public Employee's Retirement	10,775	44,208	54,983
Worker's Compensation	4,553	8,839	13,392
Medicare	872	4,926	5,798
Other	18,952	48,728	67,680
Total Disbursements	<u>186,272</u>	<u>561,659</u>	<u>747,931</u>
Total Receipts Over/(Under) Disbursements	<u>95,128</u>	<u>(48,514)</u>	<u>46,614</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	100,000	100,000
Advances-In	10,000	20,000	30,000
Transfers-Out	(100,000)	0	(100,000)
Advances-Out	(20,000)	(10,000)	(30,000)
Total Other Financing Receipts/(Disbursements)	<u>(110,000)</u>	<u>110,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(14,872)</u>	<u>61,486</u>	<u>46,614</u>
Fund Cash Balances, January 1	<u>88,803</u>	<u>122,855</u>	<u>211,658</u>
Fund Cash Balances, December 31	<u><u>\$73,931</u></u>	<u><u>\$184,341</u></u>	<u><u>\$258,272</u></u>

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Madison County – London City Health District, Madison County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was established as a contractual union of the London City Health District with the Madison County Health District. The District operates under a five-member Board appointed under Section 3709.02 and Section 3709.07, Ohio Revised Code, and is responsible for the administration of all health programs established by the 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 review of public health programs, community nursing activities, the control of communicable diseases, environmental health programs, the recording of certificates of vital statistics, removal of nuisances, and health promotion and safety 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 Funds:

**MADISON COUNTY – LONDON CITY HEALTH DISTRICT
MADISON 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)

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.

Women, Infant, and Child (WIC) Grant Fund - This fund is used to account for receipt and disbursement activity of the District's federal WIC grant monies.

E. Budgetary Process

1. Appropriations

On or before the first Monday in April, the District must adopt an itemized appropriation resolution for the first year beginning on the first day of January next ensuing. 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 the aggregate of all items. Budgetary expenditures 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 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 for the fiscal year beginning on the first day of January next ensuing. 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 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.

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

	2002	2001
Demand deposits	\$669,009	\$258,272
Total deposits	\$669,009	\$258,272

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 it's 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, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$726,784	\$718,657	(\$8,127)
Special Revenue	755,461	696,143	(59,318)
Total	\$1,482,245	\$1,414,800	(\$67,445)

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

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$707,100	\$381,538	\$325,562
Special Revenue	885,541	622,525	263,016
Total	\$1,592,641	\$1,004,063	\$588,578

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$278,535	\$281,400	\$2,865
Special Revenue	630,953	613,145	(17,808)
Total	\$909,488	\$894,545	(\$14,943)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$364,787	\$286,272	\$78,515
Special Revenue	660,951	561,659	99,292
Total	\$1,025,738	\$847,931	\$177,807

4. INTERGOVERNMENTAL FUNDING

In 2001, the County apportioned 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 withheld the apportioned excess from property tax settlements and distributed it to the District. These amounts are included in local taxes receipts in the financial statements.

In 2002, the County Commissioners served as a special taxing authority to levy a special levy inside the ten-mill limitation to provide the Board of Health with sufficient funds to carry out health programs. The levy generated \$583,997 in 2002. These amounts are included as local tax receipts in the financial statements.

5. 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, 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.

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

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

6. RISK MANAGEMENT

On behalf of the Madison County – London City Health District, the Madison County Board of Commissioners maintain 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 COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To Members of the Board:

We have audited the accompanying financial statements of Madison County – London City Health District (the District) as of and for the years ended December 31, 2002 and December 31 2001, and have issued our report thereon dated May 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 30, 2003.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Madison County – London City Health District
Madison County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended 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

May 30, 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

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
SEPTEMBER 9, 2003**