



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
CHAMPAIGN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Champaign County
1512 S. U.S. Highway 68
Suite Q100
Urbana, OH 43078

To the Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Champaign 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 March 19, 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.

District Board of Health
Champaign County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, District 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

March 19, 2003

**DISTRICT BOARD OF HEALTH
CHAMPAIGN 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:			
Intergovernmental	\$20,524	\$62,852	\$83,376
Subdivisions	168,500		168,500
Licenses, Fees, and Permits	193,520	62,311	255,831
Other receipts	15,884	237	16,121
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	398,428	125,400	523,828
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries	222,673	24,728	247,401
Employee Insurance	30,490	5,283	35,773
Supplies	11,680		11,680
Remittances to State		11,142	11,142
Equipment	524		524
Contracts - Service and Repair	773	8,783	9,556
Rentals	802		802
Liability Insurance	3,283		3,283
Travel and Expenses	12,203	4,955	17,158
Advertising and printing	383		383
Public employee's retirement	28,813	3,303	32,116
Worker's compensation	1,348	136	1,484
Other	14,217	886	15,103
	<hr/>	<hr/>	<hr/>
Total Disbursements	327,189	59,216	386,405
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	71,239	66,184	137,423
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Refunds	2,277		2,277
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	73,516	66,184	139,700
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	74,756	48,504	123,260
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$148,272</u>	<u>\$114,688</u>	<u>\$262,960</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$4,911</u>	<u>\$1,800</u>	<u>\$6,711</u>

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

**DISTRICT BOARD OF HEALTH
CHAMPAIGN 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:			
Intergovernmental	\$22,206	\$3,602	\$25,808
Subdivisions	158,500		158,500
Licenses, Fees, and Permits	153,002	58,188	211,190
Other receipts	13,339	478	13,817
	<u>347,047</u>	<u>62,268</u>	<u>409,315</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	243,036	23,145	266,181
Employee Insurance	28,960		28,960
Supplies	6,192		6,192
Remittances to State		11,236	11,236
Contracts - Service and Repair	1,897		1,897
Liability Insurance	3,283		3,283
Rentals	8,949		8,949
Travel and Expenses	7,279	6,780	14,059
Advertising and printing	199		199
Public employee's retirement	28,347	3,023	31,370
Worker's compensation	6,866	793	7,659
Other	19,035	473	19,508
	<u>354,043</u>	<u>45,450</u>	<u>399,493</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(6,996)</u>	<u>16,818</u>	<u>9,822</u>
Other Financing Receipts/(Disbursements):			
Refunds	178		178
Reimbursements	4,199		4,199
	<u>4,377</u>	<u>0</u>	<u>4,377</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,619)	16,818	14,199
Fund Cash Balances, January 1	<u>77,375</u>	<u>31,686</u>	<u>109,061</u>
Fund Cash Balances, December 31	<u>\$74,756</u>	<u>\$48,504</u>	<u>\$123,260</u>
Reserves for Encumbrances, December 31	<u>\$2,711</u>	<u>\$2,944</u>	<u>\$5,655</u>

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

**DISTRICT BOARD OF HEALTH
CHAMPAIGN 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, Champaign 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 is directed by a five-member Board and a Health Commissioner. The District's services include communicable disease investigations, 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 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 Champaign 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:

Food Service Fund – This fund is used to record the revenues and expenditures associated with providing food service licenses and inspections of food service operations.

**DISTRICT BOARD OF HEALTH
CHAMPAIGN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Swimming Pool Fund – This fund is used to record the revenues and expenditures associated with providing services and inspections of swimming pools in the County.

Solid Waste Fund – This fund is used to record the revenues and expenditures associated with solid waste collection and disposal in the County.

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.

The District did not certify the availability of funds prior to purchase commitments in violation of Ohio Rev. Code Section 5705.41(D).

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.

**DISTRICT BOARD OF HEALTH
CHAMPAIGN COUNTY**

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

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	\$330,574	\$400,705	\$70,131
Special Revenue	78,545	125,400	46,855
Total	\$409,119	\$526,105	\$116,986

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$363,691	\$332,100	\$31,591
Special Revenue	78,958	61,016	17,942
Total	\$442,649	\$393,116	\$49,533

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$322,574	\$351,424	\$28,850
Special Revenue	46,266	62,268	16,002
Total	\$368,840	\$413,692	\$44,852

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,397	\$356,754	\$643
Special Revenue	50,017	48,394	1,623
Total	\$407,414	\$405,148	\$2,266

3. 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. These amounts are included as subdivision receipts on the financial statements.

**DISTRICT BOARD OF HEALTH
CHAMPAIGN COUNTY**

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

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 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. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Errors, omissions, and general liability.

6. CONTINGENT LIABILITIES

The District is defendant in lawsuits. Although the outcome of these suits is not presently determinable, counsel believes that the resolution of these matters will not have a material adverse affect the District's financial condition.

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



**Auditor of State
Betty Montgomery**

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

District Board of Health
Champaign County
1512 S. U.S. Highway 68
Suite Q100
Urbana, OH 43078

To the Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Champaign County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 19, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in accompanying schedule of findings as item 2002-60311-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 19, 2003.

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 March 19, 2003.

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District Board of Health
Champaign 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 District 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

March 19, 2003

**DISTRICT BOARD OF HEALTH
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-60311-001

Noncompliance Citation:

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

Thirty percent of the transactions tested were not certified by the County Auditor prior to making orders for the expenditure of the District's funds since the District had failed to obtain a purchase order prior to incurring the obligation. In addition, the exception above was not utilized for these transactions.

The District should implement policies and procedures to prevent the obligation of the District's funds prior to certifying that funds are available.



**Auditor of State
Betty Montgomery**

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CHAMPAIGN COUNTY DISTRICT BOARD OF HEALTH

CHAMPAIGN 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 8, 2003**