



**Auditor of State  
Betty Montgomery**



**DISTRICT BOARD OF HEALTH  
DARKE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

District Board of Health  
Darke County  
300 Garst Avenue  
Greenville, Ohio 45331

To the Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Darke 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 27, 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  
Darke County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the management, 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 27, 2003

**DISTRICT BOARD OF HEALTH  
DARKE 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<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |   |
| Intergovernmental:   |                                |                            |   |
| Federal  | \$15,740                       | \$79,097                   | \$94,837                                |
| State  | 31,737                         | 165,942                    | 197,679                                 |
| Local  | 286,173                        | 595                        | 286,768                                 |
| Permits  | 97,236                         | 32,865                     | 130,101                                 |
| Fees   | 127,870                        | 19,154                     | 147,024                                 |
| Licenses   |                                | 117,064                    | 117,064                                 |
| Contractual services   |                                | 30,000                     | 30,000                                  |
| Other receipts   | 15,646                         | 6,163                      | 21,809                                  |
|  | <u>574,402</u>                 | <u>450,880</u>             | <u>1,025,282</u>                        |
| Total Cash Receipts  |                                |                            |   |
|  | <u>574,402</u>                 | <u>450,880</u>             | <u>1,025,282</u>                        |
| <b>Cash Disbursements:</b>   |                                |                            |   |
| Remittances to State   |                                | 19,460                     | 19,460                                  |
| Salaries   | 388,676                        | 235,986                    | 624,662                                 |
| Supplies   | 45,262                         | 1,561                      | 46,823                                  |
| Equipment  | 5,569                          | 15,489                     | 21,058                                  |
| Contracts - Services   | 5,100                          |                            | 5,100                                   |
| Travel   | 15,679                         | 21,232                     | 36,911                                  |
| Advertising and printing   | 1,513                          |                            | 1,513                                   |
| Public employee's retirement   | 52,528                         | 30,389                     | 82,917                                  |
| Worker's compensation  | 1,531                          | 660                        | 2,191                                   |
| Medicare and Insurance   | 49,611                         | 33,830                     | 83,441                                  |
| Other  | 47,755                         | 10,703                     | 58,458                                  |
|  | <u>613,224</u>                 | <u>369,310</u>             | <u>982,534</u>                          |
| Total Disbursements  |                                |                            |   |
|  | <u>613,224</u>                 | <u>369,310</u>             | <u>982,534</u>                          |
| Total Receipts Over/(Under) Disbursements  | (38,822)                       | 81,570                     | 42,748                                  |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                            |   |
| Refunds  | 1,386                          |                            | 1,386                                   |
|  | <u>1,386</u>                   |                            | <u>1,386</u>                            |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (37,436)                       | 81,570                     | 44,134                                  |
| Fund Cash Balances, January 1  | 78,503                         | 105,310                    | 183,813                                 |
|  | <u>78,503</u>                  | <u>105,310</u>             | <u>183,813</u>                          |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$41,067</u></b>         | <b><u>\$186,880</u></b>    | <b><u>\$227,947</u></b>                 |
| Reserves for Encumbrances, December 31   | <u>\$2,441</u>                 | <u>\$15,066</u>            | <u>\$17,507</u>                         |

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

**DISTRICT BOARD OF HEALTH  
DARKE 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<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |   |
| Intergovernmental:  |                                |                            |   |
| Federal   | \$13,640                       | \$23,900                   | \$37,540                                |
| State   | 18,969                         | 64,363                     | 83,332                                  |
| Local   | 280,562                        |                            | 280,562                                 |
| Permits   | 99,232                         | 31,399                     | 130,631                                 |
| Fees  | 133,361                        | 19,220                     | 152,581                                 |
| Licenses  |                                | 106,950                    | 106,950                                 |
| Contractual services  |                                | 30,000                     | 30,000                                  |
| Other receipts  | 5,397                          | 6,987                      | 12,384                                  |
| <b>Total Cash Receipts</b>  | <u>551,161</u>                 | <u>282,819</u>             | <u>833,980</u>                          |
| <b>Cash Disbursements:</b>  |                                |                            |   |
| Remittances to State  |                                | 17,960                     | 17,960                                  |
| Salaries  | 344,741                        | 187,689                    | 532,430                                 |
| Supplies  | 6,911                          | 2,134                      | 9,045                                   |
| Equipment   | 3,922                          | 12,015                     | 15,937                                  |
| Contracts - Services  | 5,445                          |                            | 5,445                                   |
| Travel  | 17,000                         | 17,951                     | 34,951                                  |
| Advertising and printing  | 918                            |                            | 918                                     |
| Public employee's retirement  | 42,328                         | 19,011                     | 61,339                                  |
| Worker's compensation   | 5,010                          | 2,010                      | 7,020                                   |
| Unemployment Compensation   |                                | 383                        | 383                                     |
| Medicare and Insurace   | 42,334                         | 20,428                     | 62,762                                  |
| Other   | 74,971                         | 9,016                      | 83,987                                  |
| <b>Total Disbursements</b>  | <u>543,580</u>                 | <u>288,597</u>             | <u>832,177</u>                          |
| <b>Total Receipts Over/(Under) Disbursements</b>  | 7,581                          | (5,778)                    | 1,803                                   |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                            |   |
| Transfers-In  | 7,315                          |                            | 7,315                                   |
| Advances-In   |                                | 6,000                      | 6,000                                   |
| Transfers-Out   |                                | (7,315)                    | (7,315)                                 |
| Advances-Out  | (6,000)                        |                            | (6,000)                                 |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <u>1,315</u>                   | <u>(1,315)</u>             |   |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | 8,896                          | (7,093)                    | 1,803                                   |
| <b>Fund Cash Balances, January 1</b>  | <u>69,607</u>                  | <u>112,403</u>             | <u>182,010</u>                          |
| <b>Fund Cash Balances, December 31</b>  | <u><b>\$78,503</b></u>         | <u><b>\$105,310</b></u>    | <u><b>\$183,813</b></u>                 |
| <b>Reserves for Encumbrances, December 31</b>   | <u><b>\$3,079</b></u>          | <u><b>\$2,784</b></u>      | <u><b>\$5,863</b></u>                   |

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



**DISTRICT BOARD OF HEALTH  
DARKE 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, Darke 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, vital statistics 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 Darke 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 receives revenue from the sale of licenses to prepare food for public consumption.

**Trailer Court Camps** – This fund receives revenue from the sale of permits to trailer courts and campgrounds.

**DISTRICT BOARD OF HEALTH  
DARKE COUNTY**

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

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

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

**Solid Waste Fund** – This fund receives the proceeds assessed by the County on the hauling of solid waste.

**Health/Help Me Grow Grant Fund** – This fund receives revenue from a grant to provide services for County residents.

**Immunization Action Grant** – This fund receives the revenue from a grant to assist in providing immunization services for County residents.

**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. 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 encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

During both 2002 and 2001 the District failed to comply with Ohio Rev. Code Section 5705.41(D), requiring the certification of available resources prior to incurring expenditure obligations.

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.

**DISTRICT BOARD OF HEALTH  
DARKE 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. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

| 2002 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$579,129            | \$575,788          | (\$3,341) |
| Special Revenue                   | 446,101              | 450,880            | 4,779     |
| Total                             | \$1,025,230          | \$1,026,668        | \$1,438   |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$653,579                  | \$615,665                 | \$37,914  |
| Special Revenue                                       | 549,362                    | 384,376                   | 164,986   |
| Total   | \$1,202,941                | \$1,000,041               | \$202,900 |

| 2001 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$511,955            | \$558,476          | \$46,521    |
| Special Revenue                   | 433,504              | 282,819            | (150,685)   |
| Total                             | \$945,459            | \$841,295          | (\$104,164) |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$581,562                  | \$546,659                 | \$34,903  |
| Special Revenue                                       | 545,906                    | 298,696                   | 247,210   |
| Total   | \$1,127,468                | \$845,355                 | \$282,113 |

**DISTRICT BOARD OF HEALTH  
DARKE 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 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.

**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 through December 31, 2002. The District has paid all contributions required through December 31, 2002.

**5. RISK MANAGEMENT**

The Health District is a member of the Public Entities Pool of Ohio, which was formed in April 1987, for the primary purpose of providing liability insurance for bodily injury, personal injury, and professional liability coverage to its members.

The Health District provides employee medical benefits through a self-insurance program maintained by Darke County. The County has obtained Harrington Benefits Service, Inc. as third party administrator to review claims and help the County secure stop-loss coverage. Responsibility for monitoring the self-insurance program and adjusting employee contribution rates is the responsibility of Darke County.



**Auditor of State  
Betty Montgomery**

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

District Board of Health  
Darke County  
300 Garst Avenue  
Greenville, Ohio 45331

To the Members of the Board:

We have audited the accompanying financial statements of District Board of Health, Darke County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 27, 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 the accompanying Schedule of Findings as item 2002-60319-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 27, 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 27, 2003.

District Board of Health  
Darke 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 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 27, 2003

**DISTRICT BOARD OF HEALTH  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN<br/>ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2002-60319-001**

**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.

Eleven percent of the disbursements transactions tested for the period were not certified prior to incurring the obligation and the above exception was not utilized. The failure to certify obligations prior to incurring the obligation could result in negative fund balances and/or deficit spending by the Health District.

The Health District should develop policies to improve compliance with the prior certification requirement.







**Auditor of State  
Betty Montgomery**

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**DISTRICT BOARD OF HEALTH**

**DARKE 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**