



**Auditor of State  
Betty Montgomery**



**KNOX COUNTY DISTRICT BOARD OF HEALTH DISTRICT  
KNOX COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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, 2001 .....	3
Notes to the Financial Statements .....	5
Schedule of Federal Awards Expenditures.....	9
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	13
Schedule of Findings .....	15

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

District Board of Health  
Knox County  
11660 Upper Gilchrist Road  
Mount Vernon, Ohio 43050

To Members of the Board:

We have audited the accompanying financial statement of the District Board of Health, Knox County, Ohio (the District) as of and for the year ended December 31, 2002. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of 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 February 11, 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.

We performed our audit to form an opinion on the financial statement of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. We subjected this information to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

This report is intended solely for the information and use of the audit committee, 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

February 11, 2003

**DISTRICT BOARD OF HEALTH  
KNOX 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>	
<b>Cash Receipts:</b>			
Taxes	\$294,524	\$0	\$294,524
Intergovernmental	120,471	843,665	964,136
Charges for Services	104,742	987,371	1,092,113
Fines, licenses, and permits	0	253,079	253,079
Other receipts	4,084	4,516	8,600
	<u>523,821</u>	<u>2,088,631</u>	<u>2,612,452</u>
<b>Total Cash Receipts</b>			
	<u>523,821</u>	<u>2,088,631</u>	<u>2,612,452</u>
<b>Cash Disbursements:</b>			
Salaries & Fringe Benefits	261,771	1,421,021	1,682,792
Supplies & Equipment	46,297	154,855	201,152
Contracts, Services, Repairs	26,962	186,100	213,062
Rentals	68,501	117,652	186,153
Travel & Expenses	8,909	49,015	57,924
Other Disbursements	52,530	113,640	166,170
	<u>464,970</u>	<u>2,042,283</u>	<u>2,507,253</u>
<b>Total Cash Disbursements</b>			
	<u>464,970</u>	<u>2,042,283</u>	<u>2,507,253</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>58,851</u>	<u>46,348</u>	<u>105,199</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		195,000	195,000
Transfers-Out	(195,000)	0	(195,000)
	<u>(195,000)</u>	<u>195,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(195,000)</u>	<u>195,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(136,149)</u>	<u>241,348</u>	<u>105,199</u>
<b>Fund Cash Balances, January 1, 2002</b>	<u>226,477</u>	<u>595,268</u>	<u>821,745</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u><b>\$90,328</b></u>	<u><b>\$836,616</b></u>	<u><b>\$926,944</b></u>
<b>Reserves for Encumbrances, December 31, 2002</b>	<u><b>\$12,020</b></u>	<u><b>\$56,600</b></u>	<u><b>\$68,620</b></u>

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

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**DISTRICT BOARD OF HEALTH  
KNOX COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The District Board of Health, Knox County, (the District), is authorized under Section 3709.07, Revised Code, and was established on March 4, 1983. The District operates under the guidance of a nine-member board, comprised of three member appointed by the City of Mount Vernon, five members appointed by the District Advisory Council of Knox County, and two members appointed by the Health District Licensing Council. The District's services include medical and dental clinics, communicable disease investigations, immunization clinics, tuberculosis screening, home visits, various types of licenses, permits and inspections and birth and death certificates.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

**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:

*Home Health Nursing Fund* – This fund receives fees for providing home nursing services to elderly and homebound persons. This fund also receives monies from passport funds which are state and federal grant monies to provide home health care for Medicaid eligible persons through referrals from the Area Agency on Aging.

**DISTRICT BOARD OF HEALTH  
KNOX COUNTY**

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

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

**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.

**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.

A summary of 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.

**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 year ended December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$810,659	\$523,821	(\$286,838)
Special Revenue	2,747,277	2,283,631	(463,646)
Total	\$3,557,936	\$2,807,452	(\$750,484)

**DISTRICT BOARD OF HEALTH  
KNOX COUNTY**

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

**2. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$763,928	\$671,990	\$91,938
Special Revenue	2,401,523	2,098,883	302,640
Total	\$3,165,451	\$2,770,873	\$394,578

**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, 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. INSURANCE**

The District maintains comprehensive insurance coverage with private carriers for real property and building contents. Real property and contents are 80% coinsured.

**6. HEALTH DEPARTMENT CAPITAL LEASE**

Knox County issued a 20 year bond issue on August 15, 2000, to fund the construction of the new health department building. The Knox County Health Department entered into a 20 year lease with the County which requires the Department to pay the County yearly payments which match the yearly principal and interest on the bonds outstanding. The total amount paid to the County for the Lease obligation in fiscal 2002 was \$128,621.

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**DISTRICT BOARD OF HEALTH  
KNOX COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Program	CFDA #	Pass-through Agency Awarding Number	Disbursements
<b>United States Department of Agriculture:</b>			
Passed-through Ohio Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	42-1-001-1-CL-01	\$ 142,178
<b>United States Department of Transportation:</b>			
Passed-through Ohio Department of Public Safety:			
State and Community Highway Safety	20.600	1600	42,521
<b>United States Department of Education:</b>			
Passed-through Ohio Department of Health:			
Special Education - Grants for Infants and Families with Disabilities	84.181	42-1-001-1-AN-01	41,513
<b>United States Department of Health and Human Services:</b>			
Passed-through Ohio Department of Job and Family Services			
Temporary Assistance for Needy Families	93.558	None	277,397
Passed-through Ohio District 5 Area Agency on Aging:			
Medical Assistance Program	93.778	None	51,786
Passed-through Ohio Department of Health:			
Abstinence Education	93.235	42-1-001-1-CS-01	44,219
Immunization Grants	93.268	42-1-001-2-AZ-01	16,306
Preventive Health and Health Services Block Grant	93.991	42-1-01-P-BP-387	29,290
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	42-1-001-2-BI-03	28,139
Maternal and Child Health Services Block Grant to the States	93.994	42-1-001-1CG-002	3,207
Maternal and Child Health Federal Consolidated Programs (SPRANS)	93.110	1 HID MC 00636-01	9,947
<b>Total United States Department of Health and Human Services</b>			<u>460,291</u>
<b>Total Federal Awards</b>			<u>\$ 686,503</u>

This schedule of federal awards expenditures has been prepared on the cash basis of accounting.

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**Auditor of State  
Betty Montgomery**

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

District Board of Health  
Knox County  
11660 Upper Gilchrist Road  
Mount Vernon, Ohio 43050

To Members of the Board:

We have audited the accompanying financial statement of the District Board of Health, Knox County, Ohio (the District) as of and for the year ended December 31, 2002, and have issued our report thereon dated February 11, 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 statement is 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 statement 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 statement 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 February 11, 2003.

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District Board of Health  
Knox 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 audit committee, management, the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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**BETTY MONTGOMERY**  
Auditor of State

February 11, 2003



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

District Board of Health  
Knox County  
11660 Upper Gilchrist Road  
Mount Vernon, Ohio 43050

To Members of the Board:

#### Compliance

We have audited the compliance of the District Board of Health, Knox County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

#### Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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**BETTY MONTGOMERY**  
Auditor of State

February 11, 2003

**DISTRICT BOARD OF HEALTH  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Temporary Assistance for Needy Families CFDA # 93.558
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

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**KNOX COUNTY DISTRICT BOARD OF HEALTH**

**KNOX 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  
APRIL 1, 2003**