



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Meigs County
112 East Memorial Drive
Pomeroy, Ohio 45769

To the Board of Health Members:

We have audited the accompanying financial statement of the District Board of Health, Meigs 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 statement. 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 generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances of the District Board of Health, Meigs County, as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 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.

The accompanying Schedule of Federal Awards Expenditures is presented for purposes of 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. In our opinion, it is fairly presented in all material respects in relation to the financial statement taken as a whole.

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

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

April 29, 2003

**DISTRICT BOARD OF HEALTH
MEIGS 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:			
Taxes levied by County	\$194,743	\$	\$194,743
Intergovernmental	70,644	590,849	661,493
Fees, Licenses, and Permits	18,217	30,032	48,249
Charges for services	46,660	100,239	146,899
Investment earnings	154		154
Other receipts	10,791	27,905	38,696
Total Cash Receipts	341,209	749,025	1,090,234
Cash Disbursements:			
Salaries	151,839	457,679	609,518
Supplies	4,036	27,482	31,518
Project Fund Disbursements	0	91,359	91,359
Contracts - Services	40,557	16,524	57,081
Travel	1,041	1,320	2,361
Fees and Licenses	11,839		11,839
Advertising and printing	401		401
Public employee's retirement	23,861	31,288	55,149
Worker's compensation	6,067	626	6,693
Medicare	1,082	93	1,175
Debt Service:			0
Principal Payments	45,793		45,793
Interest Payments	115		115
Other	45,998	29,159	75,157
Total Cash Disbursements	332,629	655,530	988,159
Total Cash Receipts Over/(Under) Cash Disbursements	8,580	93,495	102,075
Other Financing Receipts/(Disbursements):			
Proceeds of loan	45,793		45,793
Transfers-In	0	42	42
Transfers-Out	(42)		(42)
Other Financing Sources	4,300		4,300
Other Financing Uses	(4,300)		(4,300)
Total Other Financing Receipts/(Disbursements)	45,751	42	45,793
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	54,331	93,537	147,868
Fund Cash Balances, January 1	24,483	317,503	341,986
Fund Cash Balances, December 31	\$78,814	\$411,040	\$489,854

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

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**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Meigs County (the District), is a general health district as defined by Ohio Revised Code § 3709.07. The District is directed by an appointed five-member Board and an appointed Health Commissioner. The District provides inspection and licensing of food establishments, inspection of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

The District's management believes this financial statement presents all activities for which the Board of Health is financially accountable.

B. Basis of Accounting

The financial statement follows 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).

This statement includes 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 required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Women, Infants and Children (WIC) Fund - This is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

Appalachian Regional Commission (ARC) Dental Clinic Fund - This is a Federal grant fund used to establish and operate a dental clinic.

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments as required by Ohio law.

A summary of 2002 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

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
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$361,779	\$391,302	\$29,523
Special Revenue	<u>700,820</u>	<u>749,067</u>	<u>48,247</u>
Total	<u>\$1,062,599</u>	<u>\$1,140,369</u>	<u>\$77,770</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$383,388	\$336,971	\$46,417
Special Revenue	<u>1,149,676</u>	<u>655,530</u>	<u>494,146</u>
Total	<u>\$1,533,064</u>	<u>\$992,501</u>	<u>\$540,563</u>

3. TAXES

The Board of County Commissioners is serving as a special taxing authority for the purposes of levying a special levy outside the ten-mill limitation to provide the Board of Health with sufficient funds to carry out health programs. The District had a 1 mill levy to relieve the Townships and Villages of the costs of operating the District.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statement as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)**

4. RETIREMENT SYSTEM

The District's full-time and part-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 post retirement health care, 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. RISK MANAGEMENT

Risk Pool Membership

The District has obtained commercial insurance through the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,00,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to annual stop loss. When the stop loss is reached in any year. The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)**

5. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	19,358,458	\$17,112,129
Liabilities	<u>(8,827,588)</u>	<u>(7,715,035)</u>
Retained earnings	<u>\$10,530,870</u>	<u>\$9,397,094</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	1,890,323	\$1,575,614
Liabilities	<u>(469,100)</u>	<u>(281,561)</u>
Retained earnings	<u>\$1,421,223</u>	<u>\$1,294,053</u>

6. CONTINGENT LIABILITIES

The District is not party to any legal proceedings.

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.

7. SUBSEQUENT EVENTS

The Appalachian Regional Commission Dental Clinic was closed September 30, 2002 due to the inability of the District to retain a full-time dentist. At the date of this report the District was in negotiations with a dentist and anticipated re-opening the clinic in the coming weeks. The District has also contacted the Appalachian Regional Commission (ARC) and obtained an extension on their period of availability for the ARC funding and is currently applying for additional grant funding contingent upon the employment of a full-time dentist.

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**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
 UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	53-1-001-1-CL-02/03	\$ 140,650
Total United States Department of Agriculture			140,650
 APPALACHIAN REGIONAL COMMISSION			
<i>Direct from Federal Government:</i>			
Appalachian Regional Development	23.001	OH-13844-0-I OH-13844-I-302	73,897
Total Appalachian Regional Commission			73,897
 UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Health:</i>			
Immunization Action Plan	93.268	53-1-001-2-AZ-02	19,000
Tobacco Prevention	93.283	53-1-001-2-CJ-01/02 53-1-001-2-BI-03	53,702 13,116
Total Tobacco Prevention			66,818
Preventative Health	93.991	84-1-001-2-ED-02	36,428
Public Health Infrastructure	93.994	53-1-001-2-CG-02	2,447
Total United States Department of Health and Human Services			124,693
Total Federal Awards Expenditures			\$ 339,240

The Notes to the Schedule of Federal Awards Expenditures is an integral part of this Schedule.

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENT

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the federally funded programs. The District has complied with the matching requirements. The expenditure of nonfederal matching funds is not included on the Schedule.

NOTE C - APPALATION REGIONAL COMMISSION GRANT

The District expended an additional \$5,584 after the end of the grant period, from nonfederal funds. The District has requested federal reimbursement for these expenditures. As of April 29, 2003, the District had not received retroactive federal approval.



Auditor of State Betty Montgomery

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

District Board of Health
Meigs County
112 East Memorial Drive
Pomeroy, Ohio 45769

To the Board of Health Members:

We have audited the accompanying financial statement of the District Board of Health, Meigs County, Ohio (the District), as of and for the year ended December 31, 2002, and have issued our report thereon dated April 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2002-60753-001 and 2002-60753-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated April 29, 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 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 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 April 29, 2003.

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

This report is intended for the information and use of the audit committee, management and the Board of Health, 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

April 29, 2002



**Auditor of State
Betty Montgomery**

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

District Board of Health
Meigs County
112 East Memorial Drive
Pomeroy, Ohio 45769

To the Board of Health Members:

Compliance

We have audited the compliance of the District Board of Health, Meigs 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 programs for the year ended December 31, 2002. The District's major federal programs are 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 each of 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 programs 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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District Board of Health
Meigs County
Independent Accountants' Report on Compliance with
Requirements Applicable to Each Major Federal Program and
Internal Control Over Compliance in Accordance with OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all reportable conditions that are also considered to 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 for the information and use of the audit committee, management, the Board of Health and 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 29, 2003

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
FOR THE YEAR ENDED DECEMBER 31, 2002**

1. SUMMARY OF AUDITOR=S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs= Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under ' .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) CFDA # 23.001 – Appalachian Regional Development
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)**

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

FINDING NUMBER 2002-60753-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrance. Further, contracts and other orders for expenditure lacking prior certification should be null and void. This Section also requires that encumbrances be charged against proper appropriations.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 dollars (which was increased to \$3,000 on April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

For thirty percent of the expenditures tested, the District did not obtain the required certification prior to the obligation and no corresponding "Then and Now" Certificate was obtained. This could lead to obligations being entered into when there is not sufficient funds available to cover the expenditure.

We recommend that the District obtain the County Auditor's, (its fiscal officer), certification of the availability of funds prior to a commitment being incurred.

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
FOR THE YEAR ENDED DECEMBER 31, 2002
(Continued)**

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

FINDING NUMBER 2002-60753-002

Noncompliance Citation

Ohio Rev. Code Section 9.38 states public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt.

For example, a government employee other than the fiscal officer collecting funds and issuing a receipt must deposit the funds with the government's fiscal officer on the business day following the day of receipt. As an alternative to depositing the funds with the government's fiscal officer, the employee instead may deposit funds with the government's designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the public office is governed by a legislative authority, only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

Twenty-seven percent of the daily deposits tested were not made on or before the next business day and the District had not adopted a policy addressing the deposit of daily receipts.

We recommend the District adopt a policy requiring the deposit of funds with the County Auditor, (its fiscal officer), within three business days after receiving it, as long as the amount collected does not exceed \$1,000.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

**DISTRICT BOARD OF HEALTH
MEIGS COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 ' .315 (c)14
FOR THE YEAR ENDED DECEMBER 31, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-60753-001	The District plans to utilize the "Then and Now" certificates to eliminate this problem.	March 31, 2003	Norma Torres, Health Commissioner
2002-60753-002	The District plans to adopt a policy as permitted by Ohio Rev. Code. The procedures within the policy should eliminate this problem.	April 30, 2003	Norma Torres, Health Commissioner



**Auditor of State
Betty Montgomery**

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DISTRICT BOARD OF HEALTH

MEIGS 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 27, 2003**