



**DEFIANCE DISTRICT BOARD OF HEALTH  
DEFIANCE COUNTY  
REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**DEFIANCE DISTRICT BOARD OF HEALTH  
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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Defiance District Board of Health  
Defiance County  
197 Island Park Avenue, Suite C  
Defiance, Ohio 43512-2551

To the Board:

We have audited the accompanying financial statements of the Defiance District Board of Health, Defiance County, Ohio, (the District) as of and for the year ended December 31, 1999. 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 generally accepted auditing standards 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, 1999, 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 July 12, 2000 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.

This report is intended solely for the information and use of 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, appearing to read "Jim Petro", with a stylized flourish at the end.

**Jim Petro**  
Auditor of State

July 12, 2000

**DEFIANCE DISTRICT BOARD OF HEALTH  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants	\$13,051	\$168,509	\$181,560
Levies	479,614		479,614
Fees, Permits, and Licenses	128,928	100,853	229,781
Other Receipts	12,942	4,958	17,900
	<u>634,535</u>	<u>274,320</u>	<u>908,855</u>
<b>Total Cash Receipts</b>			
	<u>634,535</u>	<u>274,320</u>	<u>908,855</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	314,235	187,096	501,331
Supplies	33,944	8,544	42,488
Equipment	43,987		43,987
Contracts - Repair	868		868
Contracts - Services	19,311	23,059	42,370
Advertising and Printing	2,882		2,882
Travel	10,969	7,544	18,513
Public Employee's Retirement	42,873	24,278	67,151
Insurance		2,343	2,343
Remittance to State		41,579	41,579
Worker's Compensation	10,571	5,893	16,464
Other	67,182	20,395	87,577
	<u>546,822</u>	<u>320,731</u>	<u>867,553</u>
<b>Total Cash Disbursements</b>			
	<u>546,822</u>	<u>320,731</u>	<u>867,553</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>87,713</u>	<u>(46,411)</u>	<u>41,302</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	1,000	32,600	33,600
Transfers-Out	(32,600)	(1,000)	(33,600)
Other Uses	(1,000)		(1,000)
	<u>(32,600)</u>	<u>31,600</u>	<u>(1,000)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(32,600)</u>	<u>31,600</u>	<u>(1,000)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	55,113	(14,811)	40,302
<b>Fund Cash Balances, January 1</b>	<u>251,846</u>	<u>35,525</u>	<u>287,371</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$306,959</b></u>	<u><b>\$20,714</b></u>	<u><b>\$327,673</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$10,327</b></u>	<u><b>\$4,152</b></u>	<u><b>\$14,479</b></u>

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

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**DEFIANCE DISTRICT BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Defiance District Board of Health, Defiance 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 created under § 3709.01, Revised Code. The District is directed by a five member Board, appointed by the district advisory counsel. An appointed health commissioner is responsible for administering the laws relating to health and sanitation of the County. Services provided by the District include recording of vital statistics, inspection of food service facilities, water wells, sewers, campgrounds, trailer parks, swimming pools, and they act upon various complaints made to the District Board of Health concerning the health and welfare of the County.

The District has direct fiscal control over the funds as maintained by the Defiance County Treasurer with the Defiance County Auditor serving as fiscal officer.

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. 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 Fund**

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:

**DEFIANCE DISTRICT BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

Women, Infants, and Children (W.I.C.) Fund - This fund receives federal monies to provide supplemental feeding for pregnant women, infants, and children up to the age of five.

Well Child Fund - This fund receives federal monies to provide informative clinics and classes for children and individuals up to the age of twenty-one.

**D. 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 members of the Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The County Budget Commission must also approve estimated resources.

**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 1999 budgetary activity appears in Note 3.

**E. 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.

**F. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

**DEFIANCE DISTRICT BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**2. EQUITY IN CASH AND INVESTMENTS**

The Defiance County Treasurer is mandated to maintain a cash pool to be utilized by the District's funds.

**Deposits:** For the year ended December 31, 1999, the carrying amount and bank balance of District deposits was \$327,673, as reported by the Defiance County Treasurer. Because the District's deposits were commingled with Defiance County's deposits, it was not feasible to determine the manner in which the District's deposits were insured. The extent of Defiance County's collateralization is disclosed in its audit report for the year ended December 31, 1999.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$637,629	\$635,535	(\$2,094)
Special Revenue	312,573	306,920	(5,653)
Total	\$950,202	\$942,455	(\$7,747)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$889,475	\$590,749	\$298,726
Special Revenue	348,098	325,883	22,215
Total	\$1,237,573	\$916,632	\$320,941

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the members of 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 statements as Levy 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.

**DEFIANCE DISTRICT BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**5. RETIREMENT SYSTEM**

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, 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, 1999.

**6. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- General liability
- Vehicles
- Computer Equipment

The District also provides health insurance and life insurance to all employees through a private carrier. The County Commissioners maintain building and contents insurance coverage for the District.



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

Defiance District Board of Health  
Defiance County  
197 Island Park Avenue, Suite C  
Defiance, Ohio 43512-2551

To the Board:

We have audited the accompanying financial statements of the Defiance District Board of Health, Defiance County, Ohio, (the District) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 12, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated July 12, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated July 12, 2000.

Defiance District Board of Health  
Defiance County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended for the information and use of management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

July 12, 2000



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**DISTRICT BOARD OF HEALTH**

**DEFIANCE 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**  
**AUGUST 10, 2000**