



**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

District Board of Health
Vinton County
31927 State Route 93
P.O. Box 305
McArthur, Ohio 45651

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Vinton County, Ohio (the District), as of and for the years ended December 31, 2000 and 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 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 statements 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 presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District Board of Health, Vinton County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 9, the District Board of Health had deficit net fund balances at December 31, 2000 and 1999 and will require layoffs, cuts in public services, temporary loans from the County or new sources of revenue. Management has hired a new fiscal administrator to monitor the budgets and propose spending cuts.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2001 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.

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

Jim Petro
Auditor of State

May 1, 2001

DISTRICT BOARD OF HEALTH
VINTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$111,336	\$	\$111,336
Inspection Fees	1,200		1,200
Permits	33,060		33,060
Fees	37,815	35,346	73,161
Licenses	2,653		2,653
Intergovernmental Receipts - State	13,912	202,437	216,349
Intergovernmental Receipts - Federal	13,061		13,061
Contract Services		733,587	733,587
Other Revenue	13,498	27	13,525
	<u>226,535</u>	<u>971,397</u>	<u>1,197,932</u>
Total Cash Receipts			
	<u>226,535</u>	<u>971,397</u>	<u>1,197,932</u>
Cash Disbursements:			
Current:			
Salaries	143,076	593,912	736,988
Supplies	2,834	13,871	16,705
Contracts - Service / Repair	7,559	98,365	105,924
Travel	8,365	74,258	82,623
Public Employees Retirement	21,343	81,320	102,663
Insurance	19,487	20,819	40,306
Remittance to State of Ohio		1,551	1,551
Other Expenses	35,562	38,154	73,716
	<u>238,226</u>	<u>922,250</u>	<u>1,160,476</u>
Total Cash Disbursements			
	<u>238,226</u>	<u>922,250</u>	<u>1,160,476</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,691)</u>	<u>49,147</u>	<u>37,456</u>
Other Financing Receipts/(Disbursements):			
Reimbursement	2,853	453	3,306
Repayment of Loan from County	(40,000)		(40,000)
Advances-In	40,409	17,573	57,982
Advances-Out	(14,415)	(43,567)	(57,982)
	<u>(11,153)</u>	<u>(25,541)</u>	<u>(36,694)</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(11,153)</u>	<u>(25,541)</u>	<u>(36,694)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing (Disbursements)	(22,844)	23,606	762
Fund Cash Balances, January 1	26,454	(51,682)	(25,228)
	<u>26,454</u>	<u>(51,682)</u>	<u>(25,228)</u>
Fund Cash Balances, December 31	<u>\$3,610</u>	<u>(\$28,076)</u>	<u>(\$24,466)</u>
Reserves for Encumbrances, December 31	<u>\$4,439</u>	<u>\$4,184</u>	<u>\$8,623</u>

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

DISTRICT BOARD OF HEALTH
VINTON COUNTY

**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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$105,269	\$	\$105,269
Inspection Fees	1,200		1,200
Permits	39,720		39,720
Fees	36,567	35,923	72,490
Licenses	2,905		2,905
Intergovernmental Receipts - State	13,689	173,199	186,888
Intergovernmental Receipts - Federal	7,402		7,402
Contract Services		537,998	537,998
Other Revenue	17,692	1,777	19,469
	<u>224,444</u>	<u>748,897</u>	<u>973,341</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries - Employees	149,367	542,341	691,708
Supplies	3,927	14,516	18,443
Contracts - Service / Repair	5,319	63,502	68,821
Travel	10,263	35,503	45,766
Public Employees Retirement	23,236	86,692	109,928
Insurance	10,539	28,775	39,314
Remittance to State of Ohio		1,599	1,599
Other Expenses	39,232	80,719	119,951
	<u>241,883</u>	<u>853,647</u>	<u>1,095,530</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(17,439)</u>	<u>(104,750)</u>	<u>(122,189)</u>
Other Financing Receipts/(Disbursements):			
Reimbursement	2,081	5	2,086
Loan from County	63,622		63,622
Advances-In	15,000	69,297	84,297
Advances-Out	<u>(40,296)</u>	<u>(44,001)</u>	<u>(84,297)</u>
	<u>40,407</u>	<u>25,301</u>	<u>65,708</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing (Disbursements)	22,968	(79,449)	(56,481)
Fund Cash Balances, January 1	<u>3,486</u>	<u>27,767</u>	<u>31,253</u>
Fund Cash Balances, December 31	<u>\$26,454</u>	<u>(\$51,682)</u>	<u>(\$25,228)</u>
Reserves for Encumbrances, December 31	<u>\$1,703</u>	<u>\$2,300</u>	<u>\$4,003</u>

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

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Vinton 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 health oversight services, including 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 these financial statements present all activities for which the Board of Health is financially accountable.

B. Basis of Accounting

The 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 and Investments

The Vinton County Auditor serves as fiscal agent for the District, and the investment of County funds, including District funds, is determined by the Vinton County Treasurer under the direction of the Vinton County Investment Advisory Committee.

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 fund receives Federal grant money to provide supplemental nutritious food and nutrition education as an adjunct to good health care to low-income persons in critical periods of growth and development.

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Public Home Nursing Services (PHNF) Fund - This fund receives fees for providing home nursing services to elderly and homebound persons.

Passport Fund - This fund receives State and Federal grant money to provide home health care for medicaid eligible persons through referrals from the Area Agency on Aging.

E. Budgetary Process

An appropriation measure is adopted by the District Board of Health on or before the first Monday in January in each year for the period January 1 to December 31 of that year. The appropriation measure, together with an itemized estimate of the sources of revenue available to the District Board of Health for the next fiscal year, is submitted to the County Auditor, who in turn submits it to the County Budget Commission.

The County Budget Commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate amount of all items in the appropriation measure.

The appropriation measure, as amended by the County Budget Commission, controls expenditures by the District Board of Health for the period of January 1 to December 31 of the following year. The District Board of Health may, by resolution, transfer funds from one item to another in the appropriation measure, reduce or increase any item, create new items, and make additional appropriations, subject to the availability of funds and to the approval of the County Budget Commission.

The District Board of Health utilizes the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to further appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be reappropriated.

A summary of 2000 and 1999 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.

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 291,058	\$ 229,388	\$ (61,670)
Special Revenue	<u>975,624</u>	<u>971,850</u>	<u>(3,774)</u>
Total	<u>\$ 1,266,682</u>	<u>\$ 1,201,238</u>	<u>\$ (65,444)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 242,530	\$ 282,665	\$ (40,135)
Special Revenue	<u>935,302</u>	<u>926,434</u>	<u>8,868</u>
Total	<u>\$ 1,177,832</u>	<u>\$ 1,209,099</u>	<u>\$ (31,267)</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 242,135	\$ 290,147	\$ 48,012
Special Revenue	<u>831,475</u>	<u>748,902</u>	<u>(82,573)</u>
Total	<u>\$ 1,073,610</u>	<u>\$ 1,039,049</u>	<u>\$ (34,561)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 239,270	\$ 243,586	\$ (4,316)
Special Revenue	<u>863,372</u>	<u>855,947</u>	<u>7,425</u>
Total	<u>\$ 1,102,642</u>	<u>\$ 1,099,533</u>	<u>\$ 3,109</u>

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

Actual expenditures exceeded appropriations in the General and PHNF Funds, for 2000, and the General and Needs Assessment Funds, for 1999, contrary to Ohio Revised Code.

3. PROPERTY TAX

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 statements 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.

Public utilities are also taxed on personal and real property located within the District.

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.

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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The Vinton County Commissioners maintain comprehensive insurance coverage with the Buckeye Joint-County Self-Insurance Council, a joint self-insurance pool which obtains private carrier insurance agreements for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The District is covered by these policies.

The District also provides health insurance to its employees through the Vinton County Commissioner's health plan.

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. CONTINGENT LIABILITIES

The District Board of Health 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. LOAN FROM COUNTY

Due to the Medicare overpayments, as described in Note 8, the Health District obtained a loan from the Vinton County Commissioners in December 1999 in the amount of \$63,622. At December 31, 2000, the loan amount outstanding was \$23,622. There is no interest on this loan and no prescribed repayment schedule. As of the date of this report, an additional \$15,000 was repaid leaving a balance at May 1, 2001 of \$8,622. It is anticipated that the remaining payment will be withheld by the County Auditor on the 2nd half real property tax settlement of the District in 2001.

8. MEDICARE OVERPAYMENT

The Public Home Nursing Services (PHNF) Fund receives payments from Medicare on the Interim Payment System. When final cost figures were in for 1998, the District Board of Health had received an overpayment of \$40,107. The Board of Health agreed to make 12 monthly payments of \$3,343. However, after making 9 payments of this amount, the Board of Health requested a lower payment amount since this repayment had caused the PHNF Fund to have a deficit fund balance as described in Note 9. The Board made 3 payments of \$500 from December 1999 until March 2000 when the extended payment plan was approved in the amount of \$554 per month for 17 months, including interest. Also, in 2000, the Board received notification that they had been overpaid \$25,917 for 1999 and \$10,335 for the period January 1, 2000 through September 30, 2000. Since no repayment schedule was approved for the 1999 overpayment, Medicare withheld \$17,182 from 2000 settlements, which included a \$1,037 interest payment. As of December 31, 2000, no payments had been made on the 2000 overpayment.

The balance outstanding at December 31, 2000, including interest is as follows:

<u>Year of Overpayment</u>	<u>Balance at 12/31/00</u>	<u>Interest Rate</u>
1998	\$3,699	13.5%
1999	9,945	13.5%
2000	<u>10,335</u>	0%
Total	<u>\$23,979</u>	

As of May 1, 2001, Medicare has withheld the entire balance of the 2000 and 1999 overpayments from the 2001 settlements. The Board of Health continues to make monthly payments on the 1998 overpayment with the final payment to be made in July 2001.

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

9. FINANCIAL DIFFICULTIES

At December 31, 1999, the Public Home Nursing Services (PHNF) Fund had a deficit balance of (\$59,735) and encumbrances outstanding of \$1,894. As a result of this deficit fund balance, the total balance of all Health Department funds was a deficit of (\$25,228). As described in Notes 7 and 8, the Health District owed the County Commissioners \$63,622 and Medicare \$9,520 at December 31, 1999.

At December 31, 2000, the Public Home Nursing Services (PHNF) Fund had a deficit balance of (\$35,438). The General Health Fund had a balance of \$3,610, with encumbrances outstanding of \$4,439 and advances totaling \$10,000 to repay to the Child and Family Health Services Fund. Also, the Passport Fund had a zero balance, with encumbrances outstanding of \$4,184 and advances totaling \$6,110 to repay, \$3,055 to the Health Fund and \$3,055 to the Child and Family Health Services Fund. As a result of these deficit balances, the total balance of all Health Department funds was a cash deficit of \$24,466. Additionally, as described in Notes 7 and 8, the Health District owed the County Commissioners \$23,622 and Medicare \$23,979 at December 31, 2000.

The Health Department had budgeted receipts in excess of actual receipts in the General, CHIPS, and PHNF Funds in 2000 and the Passport, Welcome Home Baby, Needs Assessment, PHNF, and Food Service Funds in 1999. Since appropriations equaled estimated resources, this resulted in spending more than was available in the General and PHNF Funds in 2000 and in the Passport, Welcome Home Baby, and PHNF Funds in 1999. The General Fund was able to have a positive fund balance at December 31, 2000 due to the loan from the County. The Passport and Welcome Home Baby Funds had positive fund balances at December 31, 1999 due to advances received from other funds that were repaid in 2000. In addition, the General Fund and PHNF Fund had expenditures in excess of appropriations in 2000 and the General Fund had expenditures in excess of appropriations in 1999 when appropriations were already greater than actual resources.

As of April 30, 2001, the General Fund had a cash balance of \$1,444. The combined Special Revenue funds had a deficit cash position of (\$5,035). Loans due the County at April 30 were \$8,622, and repayments owed Medicare were \$1,615.

The County Commissioners have been covering the deficit balances in the Health Department funds with the County General Fund since the Health Department funds are part of the total fund pool at the County. Without layoffs, cuts in public services, significant new sources of revenue, or other changes in operations, this negative trend is expected to continue.

10. RELATED PARTY TRANSACTIONS

On December 20, 2000, the Health Department opened bids for the sale of equipment and sold some of the equipment to the following related parties based on those bids:

- Dr. Barton, Health Commission, two computers for \$300 each,
- Dr. Crapes, Board Member, two cameras for \$75 and a scale for \$10,
- Kim Fitch, Health Department Employee, one chair for \$10,
- Janet Jones, Health Department Employee, one chair for \$20,
- Karen Wing, Health Department Employee, one computer for \$30,
- Bertha Williams, Health Department Employee, two chairs for \$5 each,
- Vicky Beckley, Health Department Employee, one chair for \$5,
- Dale Gillette, Board Member, various items for a total of \$50.



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

District Board of Health
Vinton County
31927 State Route 93
P.O. Box 305
McArthur, Ohio 45651

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Vinton County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 1, 2001, wherein we emphasized that the District was experiencing recurring deficiencies of disbursements over receipts. 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 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 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 2000-60782-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated May 1, 2001.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-60782-001 through 2000-60782-002.

District Board of Health
Vinton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe reportable conditions 2000-60782-001 through 2000-60782-002 described above are material weaknesses. We also 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 May 1, 2001.

This report is intended for the information and use of management, the audit committee and the Board of Health, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 1, 2001

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-60782-001

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 5705.41(D) states no contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract had been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrances.

Although all purchases contained this certification of the fiscal officer, disbursements exceeded appropriations in the funds noted below, therefore, not all disbursements were legally appropriated.

For the year ending December 31, 2000, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$242,530	\$282,665	(\$40,135)
PHNF	304,530	319,028	(14,498)

For the year ending December 31, 1999, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$239,270	\$243,586	(\$4,316)
Needs Assessment	1,997	2,591	(594)

We recommend the Board not authorize expenditures if the funds have not been appropriated to cover such an expenditure. We also recommend the County Auditor not certify that the funds are legally appropriated if the purchase will cause expenditures to exceed the current level of appropriations. Furthermore, in the event appropriations have not been made, but resources are available and have been certified to the County Auditor, we recommend the Board approve amending the appropriations prior to making the expenditure.

**DISTRICT BOARD OF HEALTH
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-60782-002

Material Weakness

The District should request increased and reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate should be obtained from the Budget Commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate should be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

Actual receipts exceeded budgeted receipts in the CFHS Fund by 15% and in the WIC-99 Fund by 9% in 2000. Actual receipts also exceeded budgeted receipts in the General Fund by 17% and in the CFHS Fund by 16% in 1999. This resulted in expenditures exceeding appropriations since appropriations could not be amended without an increased amended certificate being obtained. Also, budgeted receipts exceeded actual receipts in the in the General (27%) and PHNF (7%) Funds in 2000 and the Passport (15%), Welcome Home Baby (32%), Needs Assessment (438%), PHNF (21%), and Food Service (12%) Funds in 1999. This resulted in expenditures being made for which resources were not available since reduced amended certificates were not obtained, which would have required a reduction in appropriations.

We recommend the Board monitor budgeted versus actual receipts monthly. Furthermore, when it becomes evident that actual receipts will be greater or less than budgeted receipts, an amended certificate should be requested from the county auditor and appropriate amendments to appropriations should be approved.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VINTON COUNTY DISTRICT BOARD OF HEALTH

VINTON 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 14, 2001**