



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

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**STATE OF OHIO**



**DISTRICT BOARD OF HEALTH  
DEFIANCE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To Members of the Board:

We have audited the accompanying financial statements of the Defiance County District Board of Health (the District) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District Board of Health, Defiance County as of December 31, 2001, 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 June 18, 2002 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 the finance 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 18, 2002

**DISTRICT BOARD OF HEALTH  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants	\$13,196	\$222,980	\$236,176
Levies	639,026		639,026
Fees	149,793	133,088	282,881
Licenses	270		270
Other receipts	391	3,708	4,099
<b>Total Cash Receipts</b>	<u>802,676</u>	<u>359,776</u>	<u>1,162,452</u>
<b>Cash Disbursements:</b>			
Salaries	348,416	82,872	431,288
Supplies	66,732	51	66,783
Remittances to State		43,480	43,480
Equipment	58,044		58,044
Contracts - Repair	4,589		4,589
Contracts - Services	13,808		13,808
Travel	16,552	4,390	20,942
Vehicles		1,169	1,169
Project Expenditures		221,282	221,282
Advertising and printing	2,212		2,212
Public employee's retirement	41,394	9,722	51,116
Worker's compensation	4,932	1,292	6,224
Other	54,234	20,570	74,804
<b>Total Cash Disbursements</b>	<u>610,913</u>	<u>384,828</u>	<u>995,741</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>191,763</u>	<u>(25,052)</u>	<u>166,711</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		30,200	30,200
Advances-In		3,000	3,000
Transfers-Out	(30,200)		(30,200)
Advances-Out	(3,000)		(3,000)
Refunds	6,444		6,444
Reimbursements	27,298		27,298
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>542</u>	<u>33,200</u>	<u>33,742</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	192,305	8,148	200,453
Fund Cash Balances, January 1	481,865	33,686	515,551
<b>Fund Cash Balances, December 31</b>	<u><u>\$674,170</u></u>	<u><u>\$41,834</u></u>	<u><u>\$716,004</u></u>
Reserves for Encumbrances, December 31	<u><u>\$14,148</u></u>	<u><u>\$7,411</u></u>	<u><u>\$21,559</u></u>

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

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**DISTRICT BOARD OF HEALTH  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Defiance County District Board of Health (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board, 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 Board of Health 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. 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.

**DISTRICT BOARD OF HEALTH  
DEFIANCE COUNTY**

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

**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.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 budgetary activity appears in Note 2.

**F. Property, Plant and Equipment**

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

**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  
DEFIANCE COUNTY**

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

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$833,870	\$836,418	\$2,548
Special Revenue	394,953	389,976	(4,977)
Total	\$1,228,823	\$1,226,394	(\$2,429)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$1,299,775	\$655,261	\$644,514
Special Revenue	422,950	392,239	30,711
Total	\$1,722,725	\$1,047,500	\$675,225

**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 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2001. The District has paid all contributions required through December 31, 2001.

**5. RISK MANAGEMENT**

**Risk Pool Membership**

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

**DISTRICT BOARD OF HEALTH  
DEFIANCE COUNTY**

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

- General liability and casualty;
- Public official's liability;
- Vehicle; and
- Property

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2000</u>	<u>1999</u>
Cash and investments	\$18,687,743	\$16,413,611
Actuarial liabilities	\$7,996,596	\$6,916,414



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

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

To Members of the Board:

We have audited the accompanying financial statements of the Defiance County District Board of Health (the District) as of and for the year ended December 31, 2001, and have issued our report thereon dated June 18, 2002. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 June 18, 2002.

**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 June 18, 2002.

This report is intended solely for the information and use of the finance committee, 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 stylized with a large, sweeping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 18, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**DEFIANCE COUNTY 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  
JULY 23, 2002**