



**Auditor of State  
Betty Montgomery**



FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY

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**Auditor of State  
Betty Montgomery**

Fayette County General Health District  
Fayette County  
317 South Fayette Street  
Washington Courthouse, Ohio 43160

To Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

December 27, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Fayette County General Health District  
Fayette County  
317 South Fayette Street  
Washington Courthouse, Ohio 43160

To Members of the Board:

We have audited the accompanying financial statements of Fayette County General Health District, Fayette County, Ohio (the District), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004, or its changes in financial position for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Fayette County General Health District, Fayette County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

December 27, 2005



**FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Subdivisions	\$69,500		\$69,500
Intergovernmental	57,635	\$388,106	445,741
State Subsidy	8,201		8,201
Levies	966,448		966,448
Permits	6,255	5,975	12,230
Other fees	46,856	5,115	51,971
Licenses	350	29,183	29,533
Contractual services	55,634		55,634
Other receipts	30,332	49,770	80,102
Refunds	602		602
Total Cash Receipts	<u>1,241,813</u>	<u>478,149</u>	<u>1,719,962</u>
<b>Cash Disbursements:</b>			
Salaries	605,256	177,831	783,087
Supplies	43,370	35,695	79,065
Remittances to State		10,491	10,491
Equipment	11,517	55,246	66,763
Medical Insurance	89,718	12,186	101,904
Contracts - Services	46,281	87,870	134,151
Maintenance	2,722		2,722
Travel	7,755	2,489	10,244
Water Test Fees		2,310	2,310
Utilities and rentals	21,467		21,467
Medicare	7,928	2,422	10,350
Advertising and printing	862	4,490	5,352
Public employee's retirement	75,248	24,012	99,260
Worker's compensation	8,723	2,223	10,946
Unemployment compensation	815		815
Insurance	6,484	12,509	18,993
Other	70,448	12,976	83,424
Total Disbursements	<u>998,594</u>	<u>442,750</u>	<u>1,441,344</u>
Total Receipts Over Disbursements	<u>243,219</u>	<u>35,399</u>	<u>278,618</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		19,126	19,126
Advances-In	71,811	110,811	182,622
Transfers-Out	(19,126)		(19,126)
Advances-Out	(110,811)	(71,811)	(182,622)
Total Other Financing Receipts/(Disbursements)	<u>(58,126)</u>	<u>58,126</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	185,093	93,525	278,618
Fund Cash Balances, January 1	<u>508,913</u>	<u>384,144</u>	<u>893,057</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$694,006</u></b>	<b><u>\$477,669</u></b>	<b><u>\$1,171,675</u></b>
Reserves for Encumbrances, December 31	<u>\$3,242</u>	<u>\$6,566</u>	<u>\$9,808</u>

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

**FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Subdivisions	\$69,500		\$69,500
Intergovernmental	109,200	\$288,833	398,033
State Subsidy	8,204		8,204
Levies	832,736		832,736
Permits	6,300	5,784	12,084
Other fees	38,064	6,737	44,801
Licenses	395	29,092	29,487
Refunds	2,859		2,859
Contractual Services	43,594	29,862	73,456
Other Receipts	40,763		40,763
Total Cash Receipts	<u>1,151,615</u>	<u>360,308</u>	<u>1,511,923</u>
<b>Cash Disbursements:</b>			
Salaries	573,584	135,900	709,484
Supplies	37,474	26,685	64,159
Remittances to State		10,148	10,148
Equipment	161,488	7,803	169,291
Medical Insurance	99,584	514	100,098
Contracts - Services	36,142	29,764	65,906
Maintenance	9,134		9,134
Travel	5,697	455	6,152
Project Fund Expense		3,623	3,623
Capital Projects	529,354		529,354
Water Test Fees		1,933	1,933
Utilities and rentals	18,385		18,385
Medicare	7,377	1,457	8,834
Advertising and printing	561	8,980	9,541
Public employee's retirement	79,393	16,129	95,522
Worker's compensation	6,083	1,258	7,341
Insurance	7,522	7,410	14,932
Other	60,966	4,760	65,726
Total Disbursements	<u>1,632,744</u>	<u>256,819</u>	<u>1,889,563</u>
Total Receipts Over/(Under) Disbursements	<u>(481,129)</u>	<u>103,489</u>	<u>(377,640)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		1,890	1,890
Advances-In	15,000	15,000	30,000
Transfers-Out	(15,000)	(1,890)	(16,890)
Advances-Out		(15,000)	(15,000)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(481,129)	103,489	(377,640)
Fund Cash Balances, January 1	<u>990,042</u>	<u>280,655</u>	<u>1,270,697</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$508,913</u></b>	<b><u>\$384,144</u></b>	<b><u>\$893,057</u></b>
Reserves for Encumbrances, December 31	<u>\$4,603</u>	<u>\$5,241</u>	<u>\$9,844</u>

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

**FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Fayette County General Health District, Fayette County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 adequately disclose material matters the Auditor of State's accounting basis requires.

**C. Cash**

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, 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 accounts for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

These funds 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 accounts for the Special Supplemental Nutrition Program.

Family Planning – This fund is used to account for federal and state funds received for enabled families to choose if and when to have children; cervical and breast screening is included.

**FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

Public Health Infrastructure – This fund is used to account for federal and state funds received for residents and non-residents that would be affected by a nuclear, biological, or chemical event or disease outbreak.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund 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 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. The District did not encumber all commitments required by Ohio Law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2004 and 2003 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,241,813	\$1,313,624	\$71,811
Special Revenue	489,086	608,086	119,000
Total	\$1,730,899	\$1,921,710	\$190,811

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,054,414	\$1,131,773	(\$77,359)
Special Revenue	522,368	521,127	1,241
Total	\$1,576,782	\$1,652,900	(\$76,118)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,094,224	\$1,166,615	\$72,391
Special Revenue	289,369	377,198	87,829
Total	\$1,383,593	\$1,543,813	\$160,220

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,717,400	\$1,652,347	\$65,053
Special Revenue	302,910	278,950	23,960
Total	\$2,020,310	\$1,931,297	\$89,013

Contrary to Ohio law, Appropriations exceeded estimated resources in the Public Health Infrastructure fund for 2003; and the Women, Infant, and Child fund; the Abstinence Community Education fund; the Children Offered Resources Early fund; the Help Me Grow; and the Women's Health fund for 2004. Also, the district did not obtain prior certification of the fiscal officer for all purchases as required by Ohio law.

**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. The financial statements present these amounts as levy receipts.

The County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the Board of Health with sufficient funds to carry out health programs. The levy generated \$966,448.23 in 2004 and \$832,735.70 in 2003. These amounts are included as levies receipts.

**FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. RETIREMENT SYSTEM**

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

**5. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage 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 Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 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 Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 local 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, 2004 and 2003:

**FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. RISK MANAGEMENT**

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	<u>(16,989,918)</u>	<u>(12,872,985)</u>
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	<u>(544,771)</u>	<u>(792,061)</u>
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

**6. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fayette County General Health District  
Fayette County  
317 South Fayette Street  
Washington Courthouse, Ohio 43160

To the Members of the Board:

We have audited the financial statements of the Fayette County General Health District, Fayette County, Ohio (the District), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 27, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgement, 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. The reportable condition is described in the accompanying schedule of findings as item 2004-001.

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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. 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 December 27, 2005.

### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2004-001 and 2004-002. In a separate letter to the District's management dated December 27, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 27, 2005

FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Noncompliance Citation/Reportable Condition

**Ohio Rev. Code, Section 5705.41 (D) (1)**, prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) maybe paid by the fiscal officer without a resolution or ordinance 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 District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified in 67% of the District's expenditures tested, nor did the District use the aforementioned exceptions. Every effort should be made by the District to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending the District's funds.

**FINDING NUMBER 2004-001  
 (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improved controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which section 5705.41 (D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2004-002**

**Noncompliance Citation**

**Ohio Rev. Code, Section 5705.36 and 5705.39**, states in part that total appropriations from each fund shall not exceed the total of the estimated revenue available. Also, upon determination by the fiscal officer that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer shall certify the amount of the deficiency or excess to the budget commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess. Contrary to this, the appropriations exceeded estimated resources.

2003:

Fund	Appropriations	Estimated Resources	Variance
Public Health Infrastructure Fund	\$52,700	\$ 0	(\$52,700)

2004:

Fund	Appropriations	Estimated Resources	Variance
Women, Infant, and Child Fund	\$95,143	\$85,873	(\$ 9,270)
Abstinence Community Education Fund	23,555	17,916	( 5,639)
Children offered Resources Early Fund	2,635	0	( 2,635)
Help Me Grow Fund	92,688	67,750	( 24,938)
Women's Health Fund	67,680	30,000	( 37,680)

FAYETTE COUNTY GENERAL HEALTH DISTRICT  
FAYETTE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-60624-001	Ohio Rev. Code, Section 5705.41 (D), requires prior certification.	No	Repeated as Finding 2004-001





**Auditor of State  
Betty Montgomery**

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800-282-0370  
Facsimile 614-466-4490

**FAYETTE COUNTY GENERAL HEALTH DISTRICT**

**FAYETTE 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  
JANUARY 12, 2006**