



**Auditor of State  
Betty Montgomery**



**BOARD OF HEALTH  
VAN WERT COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Health  
Van Wert County  
140 Fox Road  
Suite 402  
Van Wert, Ohio 45891

To the Members of the Board:

We have audited the accompanying financial statements of Board of Health, Van Wert County, (the Board), as of and for the years ended December 31, 2002 and December 31, 2001. These financial statements are the responsibility of the Board'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 described Note 1, the Board 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 Board of Health, Van Wert County, as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2003 on our consideration of the Board'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.

Board of Health  
Van Wert County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

May 27, 2003

**BOARD OF HEALTH  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$253,231	\$133,515	\$386,746
Charges for Services	31,006	113,074	144,080
Licenses, Permits and Fees	5,230	11,047	16,277
Other receipts	40	817	857
	<u>289,507</u>	<u>258,453</u>	<u>547,960</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Salaries	153,427	77,565	230,992
Fringe Benefits	63,364		63,364
Supplies	710	26,468	27,178
Remittances to State	7,940	8,949	16,889
Equipment	135		135
Contracts - Repair	1,568		1,568
Rentals	34,818		34,818
Travel	2,473	9,745	12,218
Advertising and printing	1,236		1,236
Other	18,675	21,814	40,489
Project Fund Expense		115,237	115,237
	<u>284,346</u>	<u>259,778</u>	<u>544,124</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	5,161	(1,325)	3,836
Fund Cash Balances, January 1	<u>50,296</u>	<u>126,719</u>	<u>177,015</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$55,457</u></u>	<u><u>\$125,394</u></u>	<u><u>\$180,851</u></u>
Reserves for Encumbrances, December 31	<u><u>\$971</u></u>	<u><u>\$7,528</u></u>	<u><u>\$8,499</u></u>

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

**BOARD OF HEALTH  
VAN WERT 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$240,941	\$117,634	\$358,575
Charges for Services	24,487	116,248	140,735
Licenses, Permits and Fees	5,604	10,426	16,030
Other receipts	2,119	1,403	3,522
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	273,151	245,711	518,862
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Salaries	135,986	79,901	215,887
Fringe Benefits	60,861		60,861
Supplies	1,583	24,985	26,568
Remittances to State	7,006	7,397	14,403
Equipment	3,106		3,106
Contracts - Repair	1,524		1,524
Rentals	34,818		34,818
Travel	2,644	8,023	10,667
Advertising and printing	852		852
Other	17,108	23,726	40,834
Project Fund Expense		111,495	111,495
	<hr/>	<hr/>	<hr/>
Total Disbursements	265,488	255,527	521,015
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	7,663	(9,816)	(2,153)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	42,633	136,535	179,168
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$50,296</u>	<u>\$126,719</u>	<u>\$177,015</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$3,802</u>	<u>\$4,755</u>	<u>\$8,557</u>

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



**BOARD OF HEALTH  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The District Board of Health, Van Wert County, (the Board), 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 Board is directed by a five-member Board and a Health Commissioner. The Board's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The Board's management believes these financial statements present all activities for which the Board is financially accountable. The Board maintains direct fiscal control over the revenues of the general and special revenue funds of the Board held by the Van Wert County Treasurer with the Van Wert County Auditor serving as fiscal officer.

**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 Board's cash. The Board'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 Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board 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.

**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 Board had the following significant Special Revenue Funds:

*Public Home Nursing Services (PHNF) Fund* - This fund receives fees for nursing services and immunizations.

*Federal Abstinence Grant Fund* - This fund accounts for literature and resources provided to assist with educational programs for the elementary and teen-age population.

**BOARD OF HEALTH  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

*Food Service Fund* – This fund receives fees for the food services licenses issued by the Board.

**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, 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 Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Board did not encumber all commitments required by Ohio law.

A summary of 2002 and 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 Board's basis of accounting.

**BOARD OF HEALTH  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,000	\$289,507	\$1,507
Special Revenue	235,242	258,453	23,211
Total	\$523,242	\$547,960	\$24,718

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$304,542	\$285,317	\$19,225
Special Revenue	294,856	267,306	27,550
Total	\$599,398	\$552,623	\$46,775

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$270,298	\$273,151	\$2,853
Special Revenue	221,772	245,711	23,939
Total	\$492,070	\$518,862	\$26,792

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$294,557	\$269,290	\$25,267
Special Revenue	287,932	260,282	27,650
Total	\$582,489	\$529,572	\$52,917

**3. INTERGOVERNMENTAL FUNDING**

The County apportions the excess of the Board'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 Board. These amounts are included in intergovernmental receipts in the financial statements.

**BOARD OF HEALTH  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. RETIREMENT SYSTEM**

The Board'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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through December 31, 2002.

**5. RISK MANAGEMENT**

The Board has obtained commercial insurance for the following risks:

- Comprehensive property, general liability, professional, and public officials;
- Errors, omissions, and malpractice.



## **Auditor of State Betty Montgomery**

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

Board of Health  
Van Wert County  
140 Fox Road  
Suite 402  
Van Wert, Ohio 45891

To the Members of the Board:

We have audited the accompanying financial statements of the Board of Health, Van Wert County, (the Board), as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 27, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Board'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 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 2002-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Board in a separate letter dated May 27, 2003.

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

In planning and performing our audit, we considered Board'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 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 Board in a separate letter dated May 27, 2003.

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

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

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

**Betty Montgomery**  
Auditor of State

May 27, 2003

**BOARD OF HEALTH  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**2002-001**

**Ohio Rev. Code Section 5705.41(D)** states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certificate should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

Fourteen of the sixty transactions tested did not have prior certification. These transactions represented 32% of the dollar value of transactions tested. The Board did not exercise the exception outlined above for any of these expenditures.

The Board should review Ohio Rev. Code Section 5705.41(D) and implement procedures for certification of funds.

**BOARD OF HEALTH  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-60281-001	Ohio Revised Code 5705.41(D) – Prior certification.	No	See Finding #2002-001





**Auditor of State  
Betty Montgomery**

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**DISTRICT BOARD OF HEALTH**

**VAN WERT 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 1, 2003**