



**Auditor of State  
Betty Montgomery**



**DISTRICT BOARD OF HEALTH  
CHAMPAIGN COUNTY**

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**Auditor of State  
Betty Montgomery**

District Board of Health  
Champaign County  
1512 S. US Highway 68  
Suite Q100  
Urbana, Ohio 43078

To the 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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

July 1, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health  
Champaign County  
1512 S. US Highway 68  
Suite Q100  
Urbana, Ohio 43078

To the Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Champaign County, (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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Also, 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, Champaign 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 July 1, 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

July 1, 2005

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Awards		\$123,092	\$123,092
Intergovernmental	\$238,564	3,889	242,453
Permits	159,912		159,912
Fees	64,993	6,278	71,271
Licenses	7,877	56,605	64,482
Other Receipts	7,724	108	7,832
<b>Total Cash Receipts</b>	<u>479,070</u>	<u>189,972</u>	<u>669,042</u>
<b>Cash Disbursements:</b>			
Salaries	291,385	68,239	359,624
Supplies	36,396	5,737	42,133
Remittances to State	17,874	15,131	33,005
Equipment	7,798	20,162	27,960
Contracts - Repair	639		639
Contracts - Services	320	18,000	18,320
Rentals	1,264	157	1,421
Travel	20,449	3,999	24,448
Insurance	50,179	6,603	56,782
Advertising and printing	1,799	46	1,845
Public employee's retirement	37,835	9,386	47,221
Worker's compensation	7,180	1,889	9,069
Other	34,272	24,257	58,529
<b>Total Disbursements</b>	<u>507,390</u>	<u>173,606</u>	<u>680,996</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(28,320)</u>	<u>16,366</u>	<u>(11,954)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advance-In	3,154	3,154	6,308
Advance-Out	(3,154)	(3,154)	(6,308)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(28,320)</u>	<u>16,366</u>	<u>(11,954)</u>
<b>Fund Cash Balances, January 1</b>	<u>223,049</u>	<u>116,702</u>	<u>339,751</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$194,729</b></u>	<u><b>\$133,068</b></u>	<u><b>\$327,797</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$6,630</b></u>	<u><b>\$1,615</b></u>	<u><b>\$8,245</b></u>

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

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Awards		\$56,356	\$56,356
Intergovernmental	\$189,793	3,889	193,682
Permits	160,944		160,944
Fees	66,134	6,361	72,495
Licenses	5,369	57,329	62,698
Other Receipts	2,750	158	2,908
	<u>424,990</u>	<u>124,093</u>	<u>549,083</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Salaries	225,104	58,173	283,277
Supplies	23,693	2,449	26,142
Remittances to State	12,050	6,259	18,309
Equipment	910	11,577	12,487
Contracts - Repair	104		104
Contracts - Services	187	16,020	16,207
Rentals	836	39	875
Travel	12,898	3,051	15,949
Insurance	31,208	11,483	42,691
Advertising and printing	279	385	664
Public employee's retirement	29,023	7,770	36,793
Worker's compensation	4,504	543	5,047
Other	9,729	4,333	14,062
	<u>350,525</u>	<u>122,082</u>	<u>472,607</u>
<b>Total Disbursements</b>			
<b>Total Receipts Over Disbursements</b>	<u>74,465</u>	<u>2,011</u>	<u>76,476</u>
<b>Other Financing Receipts:</b>			
Refunds	312		312
<b>Total Other Financing Receipts</b>	<u>312</u>		<u>312</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Receipts</b>	74,777	2,011	76,788
<b>Fund Cash Balances, January 1</b>	<u>148,272</u>	<u>114,691</u>	<u>262,963</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$223,049</u></u>	<u><u>\$116,702</u></u>	<u><u>\$339,751</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$4,320</u></u>	<u><u>\$3,356</u></u>	<u><u>\$7,676</u></u>

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

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN 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 District Board of Health, Champaign County, (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 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 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:

**Food Service Fund** - This is used to record the revenues and expenditures associated with providing food service licenses and inspections of food service operations.

**Swimming Pool Fund** - This fund is used to record the revenues and expenditures associated with providing services and inspections of swimming pools in the County.

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN COUNTY**

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

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

**Solid Waste Fund** - This fund is used to record the revenues and expenditures associated with solid waste collection and disposal in the County.

**Child Abuse Prevention Fund** – This fund is used to record the revenues and expenditures associated with child abuse prevention in the County.

**Infrastructure Fund** – This fund is used to record the revenue and expenditures associated with the Ohio Department of Health federal grant monies in the County.

**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 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 certify the availability of resources (encumber) all purchase commitments as required by Ohio Rev. Code Section 5704.41(D).

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.

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN 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**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$328,174	\$482,224	\$154,050
Special Revenue	180,595	193,126	12,531
Total	<u>\$508,769</u>	<u>\$675,350</u>	<u>\$166,581</u>

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$518,898	\$517,174	\$1,724
Special Revenue	191,236	178,375	12,861
Total	<u>\$710,134</u>	<u>\$695,549</u>	<u>\$14,585</u>

**2003 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$329,674	\$425,302	\$95,628
Special Revenue	112,408	124,093	11,685
Total	<u>\$442,082</u>	<u>\$549,395</u>	<u>\$107,313</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$390,934	\$354,845	\$36,089
Special Revenue	169,131	125,438	43,693
Total	<u>\$560,065</u>	<u>\$480,283</u>	<u>\$79,782</u>

**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 intergovernmental receipts.

**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.

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN COUNTY**

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

**5. RISK MANAGEMENT**

**A. Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- General liability;
- Wrongful acts; and
- Legal liability.

**B. Risk Pool Membership**

The District 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:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
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	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN COUNTY**

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

**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.

**7. RELATED PARTY TRANSACTIONS**

A Board member from the District was paid \$4,000 in 2004 and \$3,000 in 2003, to serve as an acting medical director under the approved infrastructure grant.

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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*

Champaign County District Board of Health  
Champaign County  
1512 S. US Highway 68  
Suite Q100  
Urbana, Ohio 43078

To the Members of the Board:

We have audited the financial statements of the District Board of Health, Champaign County, (the District), as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated July 1, 2005, wherein we noted that the District prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine 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 judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable 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 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. In a separate letter to the District's management dated July 1, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-002. In a separate letter to the District's management dated July 1, 2005, we reported other matters related to noncompliance we deemed immaterial.

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



**Betty Montgomery**  
Auditor of State

July 1, 2005

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Reportable Condition:**

**Annual Report Presentation**

The District's 2004 and 2003 annual reports required several reclassifications and adjustments to revenue and expenditures. There were instances in which monies were posted to the incorrect line item or the incorrect fund which caused the financial statements to be materially misstated. In other instances, the description of the transaction did not agree to the account code it was posted to. The accompanying financial statements have been adjusted and reflect the proper classifications and fund balances. The posting of revenue and expenditures during the year and the preparation of the annual reports should be carried out with due care for proper presentation.

**FINDING NUMBER 2004-002**

**Noncompliance Citation:**

**Ohio Rev. Code Section 5705.41(D)** 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 \$1,000 (\$3,000, effective April 7, 2003) may be 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.

**FINDING NUMBER 2004-002  
(Continued)**

- 2. Blanket certificate** – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three months (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. 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 one line item appropriation.

In 2004 and 2003, the District did not properly certify the availability of funds prior to purchase commitment for 58% of the expenditures tested and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

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 improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the District's fiscal agent (the County Auditor) certify that the funds are or will be available prior to the obligation by the District. When prior certification is not possible, “then and now” certification should be used.

We recommend the District's fiscal agent certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use super blanket certificates for recurring monthly items, such as utilities. In addition, the District's fiscal agent should sign the certification at the time the County incurs a commitment, and only when the requirements of 5705.41(D) are satisfied.

**DISTRICT BOARD OF HEALTH  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
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>
2002-60311-001	Ohio Rev. Code Section 5705.41(D) – Prior Certification of Funds	No	Repeated as finding 2004-002.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

## **CHAMPAIGN COUNTY DISTRICT BOARD OF HEALTH**

### **CHAMPAIGN 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  
OCTOBER 11, 2005**