



**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Kenton-Hardin General Health District
Hardin County
175 West Franklin Street, Suite 120
Kenton, Ohio 43326

To Members of the Board:

We have audited the accompanying financial statements of Kenton-Hardin General Health District, Hardin County, (the Health District) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Health 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 Health 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 accounting principles generally accepted in the United States of America.

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 Health District as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2001 on our consideration of the Health 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.

Kenton-Hardin General Health District
Hardin County
Report of Independent Accountants
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This report is intended solely for the information and use of the audit committee, management, the Members of 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.

Jim Petro
Auditor of State

June 25, 2001

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Subdivisions	\$165,000		\$165,000
Intergovernmental	10,780	116,148	126,928
Licenses, Permits, and Fees	38,569	57,703	96,272
Other Revenue	35,655		35,655
	<u>250,004</u>	<u>173,851</u>	<u>423,855</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	141,948	109,404	251,352
Hospitalization	31,693		31,693
Public Employees Retirement System	28,443	11,806	40,249
Workers Compensation	1,255	199	1,454
Remittance - License		6,637	6,637
Remittance - Fee		2,227	2,227
Equipment		1,770	1,770
Contract		765	765
Supplies	6,991	4,999	11,990
Travel & Expense	3,215	7,140	10,355
Liability Insurance	2,872		2,872
Other Expenses	24,959	24,859	49,818
	<u>241,376</u>	<u>169,806</u>	<u>411,182</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>8,628</u>	<u>4,045</u>	<u>12,673</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		180	180
Transfers-Out	(180)		(180)
	<u>(180)</u>	<u>180</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,448	4,225	12,673
Fund Cash Balances, January 1	<u>23,172</u>	<u>104,222</u>	<u>127,394</u>
Fund Cash Balances, December 31	<u>\$31,620</u>	<u>\$108,447</u>	<u>\$140,067</u>
Reserve for Encumbrances, December 31	<u>\$4,500</u>	<u>\$4,594</u>	<u>\$9,094</u>

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Subdivisions	\$111,000		\$111,000
Intergovernmental	10,482	82,009	92,491
Licenses, Permits, and Fees	36,156	59,046	95,202
Other Revenue	35,798		35,798
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	193,436	141,055	334,491
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries	125,861	105,302	231,163
Hospitalization	25,889		25,889
Public Employees Retirement System	21,973	10,953	32,926
Workers Compensation	2,264	284	2,548
Remittance - License		7,248	7,248
Remittance - Fee		2,507	2,507
Equipment		7,771	7,771
Contract		2,136	2,136
Supplies	8,435	2,941	11,376
Travel & Expense	2,996	7,332	10,328
Liability Insurance	2,872		2,872
Other Expenses	22,496	13,224	35,720
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	212,786	159,698	372,484
	<hr/>	<hr/>	<hr/>
Total Receipts (Under) Disbursements	(19,350)	(18,643)	(37,993)
Fund Cash Balances, January 1	42,522	122,865	165,387
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$23,172</u>	<u>\$104,222</u>	<u>\$127,394</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$5,500</u>	<u>\$2,374</u>	<u>\$7,874</u>

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

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Kenton-Hardin General Health District, Hardin County, (the Health District) was established and operates pursuant to Section 3709.07 of the Ohio Revised Code. It is responsible for health services in Hardin County, including the townships, villages, and the City of Kenton. The Health District operates under the direction of a seven member Board of Health. The Hardin County Auditor and County Treasurer are responsible for fiscal control of the resources of the Health District. Services provided by the Health District include: prevention and restriction of disease, sanitation, and vital statistics.

Management believes these financial statements included in this report represent all of the funds of the Health District over which the members of the Board of Health have the ability to exercise direct operating control.

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 Health District's cash is held and invested by the Hardin County Treasurer, who acts as custodian for Health District monies. All interest earned is paid into the General Fund of the County as per State law.

D. Fund Accounting

The Health District uses fund accounting to segregate cash and investments that are restricted as to use. The Health District classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Health District had the following significant Special Revenue Funds:

Food Service Fund - This fund receives revenue from the sale of licenses to establishments who prepare food for public consumption.

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

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

D. Fund Accounting (Continued)

Governmental Fund Types (Continued)

2. Special Revenue Funds (Continued)

Well Child Fund - This fund receives a federal grant for promoting the wellness of children.

School Nurseing Fund - This fund receives reimbursements from local school districts for nursing services provided to the school districts.

E. Budgetary Process

Section 3709.28 of the Ohio Revised Code requires that an appropriation measure for the Health District Fund be adopted annually, however, the Health District follows the practice of appropriating for all funds.

1. Appropriations

The Health District shall annually adopt an itemized appropriation measure, together with an estimated in itemized form of the several sources of revenue available, which must be certified to the County Auditor, as secretary of the Budget Commission, by April 1, of each year. Such appropriation measure, shall set forth the amounts for the current expenses for the period January 1, to December 31, of the following year.

The County Budget Commission then takes into consideration the amount to be received and the amount required to meet the expenditures for the ensuring year and apportions the remaining balance among the participating subdivisions on the basis of their taxable valuations. The County Auditor then withholds from the semiannual apportionment of each subdivisions the amount certified and credits it to the Health Fund.

The Health District may, by resolution, transfer funds from one account in their appropriation measure to another account, reduce or increase any account, create a new accounts and make additional appropriations, as sources of revenue become available, or reduce the appropriation. Such actions shall be certified to the County Auditor for approval by the Budget Commission.

2. Encumbrances

The Health District utilizes the encumbrance method of accounting which reserves (encumbers) appropriations when individual commitments are made.

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

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

E. Budgetary Process (Continued)

2. Encumbrances (Continued)

Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Health District did not encumber all commitments required by Ohio Law.

A summary of 2000 and 1999 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Health District.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Hardin County Treasurer maintains a cash and investment pool used by all funds on behalf of the Health District. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$140,067</u>	<u>\$127,394</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$315,200	\$250,004	(\$65,196)
Special Revenue	<u>158,980</u>	<u>174,031</u>	<u>15,051</u>
Total	<u>\$474,180</u>	<u>\$424,035</u>	<u>(\$50,145)</u>

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$327,929	\$246,056	\$81,873
Special Revenue	218,458	174,400	44,058
Total	\$549,387	\$420,456	\$128,931

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$267,455	\$193,436	(\$74,019)
Special Revenue	128,050	141,055	13,005
Total	\$395,505	\$334,491	(\$61,014)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$307,219	\$218,286	\$88,933
Special Revenue	195,329	162,072	33,257
Total	\$502,548	\$380,358	\$122,190

4. RETIREMENT SYSTEMS

The Health District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer pension plan. This plans provide 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 2000 and 1999, members of PERS members contributed 8.5% of their gross salaries. The Health District contributed an amount equal to 13.55% of participants' gross salaries during the period January 1, 1999 through June 30, 2000. During the period of July 1, 2000 through December 31, 2000 there was a temporary reduction which reduced the employer rate to 8.13%. The Health District has paid all contributions required through December 31, 2000.

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

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

(Continued)

5. RISK MANAGEMENT

The Health 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 Health District's policy. The Pool covers the following risks:

- General liability
- Public official's liability
- Vehicle
- Property - Building/Contents
- Inland Marine

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

Kenton-Hardin General Health District
Hardin County
175 West Franklin Street, Suite 120
Kenton, Ohio 43326

To Members of the Board:

We have audited the financial statements of Kenton-Hardin General Health District, Hardin County, (the Health District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 25, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Health 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-60233-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Health 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 Health District in a separate letter dated June 25, 2001.

Kenton-Hardin General Health District
Hardin County
Report of Independent Accountants 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 Members of the Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 25, 2001

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2000-60233-01
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Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for health districts may be paid by the fiscal officer without such certificate of the taxing authority 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 taxing authority.

Twenty-five percent of the transactions tested were not certified by the fiscal officer prior to making orders for the expenditure of Health District funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help assure compliance with this requirement, but to help prevent the unauthorized obligation of Health District funds.

**KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2000 AND 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-60233-001	ORC Section 3709.28 for not amending appropriations	Yes	



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KENTON-HARDIN GENERAL HEALTH DISTRICT

HARDIN 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 24, 2001**