



**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



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

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**STATE OF OHIO**



**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

General Health District  
Allen County  
P.O. Box 1503  
219 East Market Street  
Lima, Ohio 45802

To Members of the Board:

We have audited the accompanying financial statements of the General Health District, Allen County, Ohio, (the District) as of and for the year ended December 31, 1999. 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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.

Health insurance claims are processed by a service organization that is independent of the District. This service organization did not provide us with sufficient evidence regarding the design or operating effectiveness of its internal controls. We were unable to perform procedures to satisfy ourselves as to the proper processing of these claims. These claims represent 100 percent of the expenditures for the year ended December 31, 1999 for the Internal Service fund type.

Transfers-out of \$15,000 and \$165,000 were made from the Trailer Park and the Food Service License Funds, respectively, to the General Fund during 1999. The use of the Trailer Park and Food Service License Funds is restricted for the purpose of administering and enforcing provisions as outlined in Ohio Rev. Code Sections 3733.01 to 3733.09 and 3717.45(A), respectively. Had these transfers not occurred, the effect would have been to increase the cash balance of the Trailer Park Fund by \$15,000 to \$27,358, increase the cash balance of the Food Service License Fund by \$165,000 to \$180,957 and decrease the cash balance of the General Fund by \$180,000 to a deficit \$16,055 as of December 31, 1999.

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

In our opinion, except for the effects of the adjustments as indicated above and except for the effects of such adjustments, if any, as might have been determined if we had been able to examine evidence regarding claims expenditures described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the General Health District, Allen County, as of December 31, 1999 and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the District as a whole. The accompanying schedule of federal awards expenditures is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the 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.

**Jim Petro**  
Auditor of State

May 25, 2000

**GENERAL HEALTH DISTRICT  
ALLEN 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>		<u>Total Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Funds	\$	\$766,652	\$766,652
State Funds	66,490	110,390	176,880
Subdivisions	711,239		711,239
Permits		28,026	28,026
Fees	289,111	479,120	768,231
Licenses	18,513	163,756	182,269
Contractual Services	30,597		30,597
Other Receipts	<u>25,369</u>	<u>43,569</u>	<u>68,938</u>
Total Cash Receipts	1,141,319	1,591,513	2,732,832
<b>Cash Disbursements:</b>			
Salaries	744,275	925,884	1,670,159
Supplies	41,374	161,934	203,308
Equipment	34,992	3,018	38,010
Repair	4,990		4,990
Contract Services	26,469	85,209	111,678
Rentals	78,327	35,144	113,471
Fees		2,362	2,362
Advertising and Printing	585		585
Travel Expenses	6,815	9,997	16,812
Liability Insurance		1,000	1,000
Public Employee's Retirement	100,717	124,457	225,174
Worker's Compensation	5,234	3,244	8,478
Medicare Tax	5,814	11,113	16,927
Health Insurance	100,219	69,781	170,000
State Remittances		19,590	19,590
Other Disbursements	<u>159,688</u>	<u>44,212</u>	<u>203,900</u>
Total Cash Disbursements	<u>1,309,499</u>	<u>1,496,945</u>	<u>2,806,444</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(168,180)	94,568	(73,612)
<b>Other Financing Sources (Uses)</b>			
Transfers In	180,000	185,000	365,000
Transfers Out	<u>(185,000)</u>	<u>(180,000)</u>	<u>(365,000)</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(173,180)	99,568	(73,612)
Fund Cash Balance-January 1, 1999-Restated	<u>337,125</u>	<u>186,171</u>	<u>523,296</u>
<b>Fund Cash Balance-December 31, 1999</b>	<u>\$ 163,945</u>	<u>\$ 285,739</u>	<u>\$ 449,684</u>

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

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCE - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b><u>Proprietary Fund Type</u></b>
	<b><u>Internal Service</u></b>
<b>Cash Receipts:</b>	
Charges for Service	\$ <u>193,822</u>
Total Cash Receipts	193,822
<b>Cash Disbursements:</b>	
Claims Expense	123,271
Premiums Expense	<u>67,017</u>
Total Cash Disbursements	<u>190,288</u>
Total Cash Receipts Over/(Under) Cash Disbursements	3,534
Fund Cash Balance-January 1, 1999	<u>27,055</u>
<b>Fund Cash Balance-December 31, 1999</b>	<b><u>\$ 30,589</u></b>

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



**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The General Health District operates under the direction of a six member board. An appointed health commissioner is responsible for administering the laws relating to health and sanitation in the County. Services provided by the Health Department include recording of vital statistics, inspection of food service facilities, water wells, sewers, and public health nursing services and they act upon various complaints made to the Department concerning the health and welfare of the County.

The District maintains direct fiscal control over the funds deposited with the Allen County Treasurer. The Allen County Auditor serves as fiscal officer.

Management believes the financial statements included in this report represent all of the funds over which the General Health District has 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. CASH AND INVESTMENTS**

In accordance with the Ohio Revised Code, the District's cash is held and invested by the Allen County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**D. FUND ACCOUNTING**

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

**GOVERNMENTAL FUNDS**

**General Fund**

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

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999  
(Continued)**

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

**D. FUND ACCOUNTING (Continued)**

**GOVERNMENTAL FUNDS**

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditures for specified purposes.

**PROPRIETARY FUND**

**Internal Service Fund**

This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governmental units, on a cost-reimbursement basis.

**E. BUDGETARY PROCESS**

**Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by the first Monday of April of each year, for the period January 1 to December 31 of the following year.

**Estimated Resources**

The County Budget Commission certifies its actions to the District by September 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the District must revise its budget so that the total contemplated expenditures during the ensuing fiscal year will not exceed the amount stated in the certificate. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts, as shown in the accompanying financial statements, do not include January 1, 1998 fund balances. However, those fund balances are available for appropriations.

**Appropriations**

An annual appropriations measure must be passed by the first Monday of April for the next ensuing period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999  
(Continued)**

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

**E. BUDGETARY PROCESS (Continued)**

**Encumbrances**

The District uses the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

**F. PROPERTY, PLANT AND EQUIPMENT**

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

**G. ACCUMULATED 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 cash basis of accounting used by the Health District.

**F. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. RESTATEMENT OF PRIOR YEAR FUND BALANCE**

The General and Special Revenue fund types have been adjusted to accurately reflect appropriate expenditures in four federal funds in the amount of \$44,650. The change had the following effect on fund balances as they were previously reported as of December 31, 1998:

	<u>General</u>	<u>Special Revenue</u>
Fund Balance as Previously Reported	\$381,775	\$141,521
Adjustment for Expenditures	<u>(44,650)</u>	<u>44,650</u>
Restated Fund Balance at January 1, 1999	<u>\$337,125</u>	<u>\$186,171</u>

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999  
(Continued)**

**2. RESTATEMENT OF PRIOR YEAR FUND BALANCE (Continued)**

The effect of this change on the total cash receipts over/(under) cash disbursements for the General and Special Revenue fund types as previously reported for the year ended December 31, 1998 was:

	<u>General</u>	<u>Special Revenue</u>
Cash Receipts Over/(Under) Cash Disbursements As Previously Reported	\$247,306	(\$ 71,989)
Adjustment for Expenditures	<u>(44,650)</u>	<u>44,650</u>
Restated Cash Receipts Over/(Under) Cash Disbursements at December 31, 1998	<u>\$ 202,656</u>	<u>(\$ 27,339)</u>

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999 was as follows:

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,304,187	\$1,321,319	\$17,132
Special Revenue	1,836,713	1,776,513	(60,200)
Internal Service	<u>22,000</u>	<u>193,822</u>	<u>171,822</u>
Total	<u>\$3,162,900</u>	<u>\$3,291,654</u>	<u>\$128,754</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,554,212	\$1,494,499	\$1,059,713
Special Revenue	566,688	1,676,945	1,110,257)
Internal Service	<u>192,000</u>	<u>190,288</u>	<u>1,712</u>
Total	<u>\$3,312,900</u>	<u>\$3,361,732</u>	<u>(\$48,832)</u>

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999  
(Continued)**

**4. RETIREMENT SYSTEMS**

The District's 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 health care, 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 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

**5. CONTRACTUAL OBLIGATIONS**

The District is a party to a twenty year lease for rental of office space. This lease was effective November 1, 1991 and terminates October 31, 2011. This lease requires the District to remit monthly payments on the first day of each month. The lease payment was fixed for the first five years at \$78,500 per year.

At the end of the first five years, the lease rental payments increase by five percent to \$82,425 per year and will remain fixed through the tenth year. At the end of the tenth year, the lease rental payments increase by five percent to \$86,526 per year and will remain fixed through the fifteenth year. At the end of the fifteenth year, the lease rental payments increase by five percent to \$90,874 per year and will remain fixed through the conclusion of the original lease. Total payments required to fulfill this lease, as of December 31, 1999, are \$1,038,596.

During 1993, an amendment was attached to the above lease agreement. Construction was performed on the Health building to provide additional office space for the WIC division. The additional lease was effective July 21, 1993 and terminates October 31, 2011. The lease requires the District to remit monthly payments of \$341. Total payments required to fulfill this lease, as of December 31, 1999, are \$45,595.

The District is a party to a one year lease for rental of office space for its Family Planning Division. This lease was effective October 1, 1998 and terminates on September 30, 1999. This lease requires the District to remit monthly payments of \$2,007. Total payments required to fulfill this lease, as of December 31, 1999, are \$23,724.

The District is a party to a five year lease for a copier. This lease was effective in May of 1998 and terminates in April of 2003. This lease requires the District to remit monthly payments of \$236. Total payments required to fulfill this lease, as of December 31, 1999, are \$9,433.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 1999  
(Continued)**

**6. RISK MANAGEMENT**

**Insurance Coverages**

The General Health District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the audit period, the District contracted with several companies for various types of insurance as follows:

<b>Company</b>	<b>Type of Coverage</b>	<b>Maximum</b>	<b>Deductible</b>
Indiana Insurance Company	Business Personal Property (90% co-insurance)	\$ 342,933	\$ 250
	Extra Expense	50,000	0
	Commercial Crime	20,000	0
	Electronic Data Processing	55,780	1,000
	Liability/Uninsured Motorists	1,000,000	250
<b>Company</b>	<b>Type of Coverage</b>	<b>Maximum</b>	<b>Deductible</b>
Public Entities Pool of Ohio	General Liability	2,000,000	1,000
	Stop Gap Liability	2,000,000	0
	Medical Malpractice	2,000,000	1,000
	Employee Benefit Liability	100,000	1,000
	Premises Medical Expense	5,000	0
	Automobile Liability	2,000,000	0
	Wrongful Acts	2,000,000	1,000
CNA Insurance Company	Commercial Crime Forgery	10,000/emp	0
	Dishonesty	2,500/emp	0

**7. SELF INSURANCE PROGRAM**

The District has established an Employee Health Insurance Fund (an internal service fund) to account for and finance employee health benefits. The Employee Health Care Plan is responsible for \$10,000 in claims per individual per year up to a maximum liability for the District of \$206,052 for 1999. After that, stop-loss covers up to a lifetime maximum of \$2,000,000 per covered person.

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determined. However, based on prior experience, management believes such refunds, if any, would not be material.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Project Number</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Health:</i>			
Breast and Cervical Cancer Grant	93.919	FY99 402U	\$115,731
Preventative Health and Health Services Block Grant			
Preventative Health and Health Services Grant	93.991	FY99 BP387	24,244
Cardiovascular Disease Grant	93.991	FY99 AH387	45,451
Nutrition Grant	93.991	FY99 BI387	<u>24,821</u>
Total Preventative Health and Health Services Block Grant			94,516
Maternal and Child Health Services Block Grant	93.994	FY00 AI320	44,348
	93.994	FY99 AI320	<u>130,694</u>
Total Maternal and Child Health Services Block Grant			175,042
Immunization Action Plan Grant	93.268	FY99 AZ392	24,793
<i>Passed Through Portsmouth City Health Department:</i>			
AIDS Prevention Grant	93.940	FY00 260-0	23,110
	93.940	FY99 260-0	<u>23,160</u>
Total AIDS Prevention Grant			<u>46,270</u>
Total U.S. Department of Health and Human Services			<u><b>456,352</b></u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Health:</i>			
Special Supplement Food Program for Women, Infants, & Children (WIC)	10.557	FY00 CL389	65,095
	10.557	FY99 CL389	<u>244,484</u>
Total Special Supplemental Food Program for Women, Infants, & Children			<u>309,579</u>
Total U.S. Department of Agriculture			<u>309,579</u>
<b>Total Federal Assistance</b>			<u><b>\$765,931</b></u>

*See accompanying notes to Schedule of Federal Awards Expenditures.*

## **GENERAL HEALTH DISTRICT**

### **ALLEN COUNTY**

#### **NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1999**

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##### **NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting

##### **NOTE B - MATCHING REQUIREMENTS**

Certain federal programs require the Health District to contribute non-federal funds (matching funds) to support the federally funded programs. The Health District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.





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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

General Health District  
Allen County  
P.O. Box 1503  
219 East Market Street  
Lima, Ohio 45802

To Members of the Board:

We have audited the financial statements of the General Health District, Allen County, (the District) as of and for the year ended December 31, 1999 and have issued our report thereon dated May 25, 2000, which was qualified due to a lack of evidential matter related to the Internal Service Fund Type disbursements. Except as described in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-60202-001 and 1999-60202-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 25, 2000.

### 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 judgment, 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 1999-60202-003.

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. 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 to be material weaknesses. However, we consider the reportable condition described above, item 1999-60202-003, to be 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 May 25, 2000.

This report is intended for the information and use of management, Board members, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

May 25, 2000



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

General Health District  
Allen County  
P.O. Box 1503  
219 East Market Street  
Lima, Ohio 45802

Members of the Board:

**Compliance**

We have audited the compliance of the General Health District, Allen County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, Board members, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

May 25, 2000

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Qualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Supplement Food Program for Women, Infants, and Children Grant CFDA #10.557 Breast and Cervical Cancer Grant CFDA # 93.919
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number - 1999-60202-001</b>	<b>Noncompliance</b>
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Ohio Rev. Code Section 3733.04 states the licensor of a manufactured home park, recreational vehicle park, recreation camp, or combined park-camp may charge a fee for an annual license to operate such a park, camp, or park-camp. The portion of any fee retained by the board of health shall be paid into a special fund and used only for the purpose of administering and enforcing sections 3733.01 to 3733.08 of the Revised Code and the rules adopted thereunder.

A transfer-out of \$15,000 was made from the Trailer Park Fund to the General Fund during 1999. This amount represents 5 percent of the Special Revenue fund balance as of December 31, 1999. Also, all administration costs to operate the fund were not presented as expenditures in the fund.

A finding for adjustment is hereby rendered against the General Fund in favor of the Trailer Park Fund in the amount of \$15,000. Also, all administration costs to operate the Trailer Park Fund should be accurately reflected in the fund.

<b>Finding Number - 1999-60202-002</b>	<b>Noncompliance</b>
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Ohio Rev. Code Section 3717.45(A) states a licensor may charge fees for issuing and renewing food service operation licenses. Any licensing fee charged shall be used solely for the administration and enforcement of the provisions of the this chapter and the rules adopted under it applicable to food service operations.

A transfer-out of \$165,000 was made from the Food Service License Fund to the General Fund in 1999. This amount represents 58 percent of the Special Revenue fund balance at December 31, 1999. Also, all administration costs to operate the fund were not presented as expenditures in the fund.

A finding for adjustment is hereby rendered against the General Fund in favor of the Food Service License Fund in the amount of \$165,000. Also, all administration costs to operate the Food Service License Fund should be accurately reflected in the fund.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

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

<b>Finding Number - 1999-60202-003</b>	<b>Material Weakness</b>
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**Self Insurance**

The District has delegated employees' health insurance claims processing, which is a significant accounting function, to a third party administrator. The District did not have assurance from the third party administrator that health insurance claims were being processed in conformance with their contract. However, the District does review claims to verify only District employees and their dependents are listed as eligible claimants.

Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of claims processing controls which would provide assurance from the third party administrator. As described in that Statement, we suggest that the District include in their contract the requirement that a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" be presented on an annual basis from the third-party administrator. Such a report, if unqualified, would provide evidence to the District's management that health insurance claims were being processed in conformance with the contract.

**3. FINDINGS FOR FEDERAL AWARDS**

None

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**OMB CIRCULAR A -133 § .315 (b)  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 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; <b><i>Explain:</i></b>
1998-60202-001	Noncompliance/Material Weakness - Depositing and Recording of Revenues (Timing)	No	Partially Corrected
1998-60202-002	Material Weakness - Self Insurance	No	Not Corrected
1998-60202-003	Material Weakness - Financial Reporting	No	Partially Corrected





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ALLEN COUNTY GENERAL HEALTH DISTRICT**

**ALLEN 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  
SEPTEMBER 19, 2000**