



**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GENERAL HEALTH DISTRICT

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REPORT OF INDEPENDENT ACCOUNTANTS

General Health District
Wayne County
203 South Walnut Street
Wooster, Ohio 44691

To the Board of Trustees:

We have audited the accompanying financial statements of the General Health District, Wayne 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.

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.

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, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 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 30, 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.

This report is intended solely for the information and use of management, the Board of Trustees 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 30, 2000

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GENERAL HEALTH DISTRICT

**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>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax Subsidy	\$448,820		\$448,820
Federal Grants		\$300,010	300,010
State Grants		46,152	46,152
State Subsidy	31,543	26,600	58,143
Licenses		141,523	141,523
Permits	163,412	47,153	210,565
Fees	199,395	157,211	356,606
Contractual Services	18,799		18,799
Miscellaneous	3,251	379	3,630
	<u>865,220</u>	<u>719,028</u>	<u>1,584,248</u>
Total Cash Receipts			
Cash Disbursements:			
Current			
Salaries and Fringe Benefits	499,867	551,562	1,051,429
Supplies	69,180	21,729	90,909
Contractual Services	19,216	35,479	54,695
Travel and Expenses	21,718	13,828	35,546
Workers Compensation	42	1,854	1,896
Remittance		383	383
Other	186,451	90,444	276,895
Capital Outlay		514	514
	<u>796,474</u>	<u>715,793</u>	<u>1,512,267</u>
Total Cash Disbursements			
	<u>68,746</u>	<u>3,235</u>	<u>71,981</u>
Total Cash Receipts Over Cash Disbursements			
Other Financing Receipts/(Disbursements):			
Transfers-In	334	1,276	1,610
Transfers-Out	(1,276)	(334)	(1,610)
	<u>(942)</u>	<u>942</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	67,804	4,177	71,981
Fund Cash Balances, January 1	<u>204,038</u>	<u>206,486</u>	<u>410,524</u>
Fund Cash Balances, December 31	<u>\$271,842</u>	<u>\$210,663</u>	<u>\$482,505</u>
Reserves for Encumbrances, December 31	<u>\$194,037</u>	<u>\$38,340</u>	<u>\$232,377</u>

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

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**GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The General Health District, Wayne County, (the District) 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 District is directed by a nine member board appointed by the District Advisory Council, which is composed of publicly elected officials from the governmental subdivisions within the District, and an appointed health commissioner and an executive director. The District provides general governmental services, including health services relative to communicable disease investigations, immunization clinics, tuberculosis screening, home nursing visits and various licenses and permits, including inspections, birth and death certificates and related services.

As health districts are structured in Ohio, the County Auditor and County Treasurer serve as fiscal officer and custodian of funds for the District, respectively. As fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments. As the custodian of public funds, the County Treasurer invests District monies held on deposit in the County Treasury.

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 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. 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 required to be accounted for in another fund.

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 District had the following significant Special Revenue Funds:

Food Service Fund - This fund is used to account for food service licenses issued.

Special Supplement Food Program for Women, Infants, and Children Fund - This fund receives Federal Grant monies to fund nutritional training and to provide information on dietary supplements.

**GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

Although the District is not subject to budgetary provisions of the Ohio Revised Code, an appropriation measure is adopted by the District on or before the first Monday of April in each year for the period January 1 to December 31 of the following year. The appropriation measure, together with the itemized estimate of the sources of revenue available to the District for the next fiscal year, is submitted to the County Auditor who in turn submits it to the County Budget Commission. The District includes transfers in and out when they prepare their budgets.

The County Budget Commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate amount of all the items in the appropriation measure.

The appropriation measure, as amended by the County Budget Commission, controls expenditures by the District for the period January 1 to December 31 of the following year. Budgetary expenditures (that is, disbursements plus encumbrances) may not exceed appropriations at the fund and function level of control and appropriations may not exceed estimated resources. The District may, by resolution, transfer funds from one item, create new items, and make additional appropriations, subject to the availability of funds and to the approval of the County Budget Commission.

Encumbrances

The District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

Encumbrances are purchase orders, contracts, and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis to reserve that portion of the applicable appropriation and to determine and maintain compliance with the District policy.

A summary of 1999 budgetary activity appears in Note 3.

E. 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.

F. 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 District.

**GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Wayne County Auditor serves as fiscal agent for the District. The investment of County funds, including District funds, is determined by the Wayne County Treasurer. The carrying amount of cash at December 31, 1999, was \$482,505, which was insured by the Federal Depository Insurance Corporation or collateralized by a collateral pool of securities maintained by the financial institution for all its public entity deposits.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$928,854	\$865,554	(\$63,300)
Special Revenue	657,004	720,304	63,300
Total	\$1,585,858	\$1,585,858	\$0

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,190,880	\$991,787	\$199,093
Special Revenue	874,048	754,467	119,581
Total	\$2,064,928	\$1,746,254	\$318,674

Contrary to Ohio Rev. Code Section 5705.41(D), the District did not always certify the availability of funds for its expenditures.

4. PROPERTY TAX SUBSIDY

The Wayne County Budget Commission determines and allocates a Health Subsidy to the District from the participating subdivisions based upon the expenditures and carryover balance of the District. The District has no specific tax levies.

The County distributes this allocation to the District semiannually.

5. RETIREMENT SYSTEM

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio, a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Rev. Code. Contribution rates are also prescribed by the Ohio Rev. Code. For 1999, members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. PERS contributions are processed by the Wayne County Auditor. The District has paid all contributions required through December 31, 1999.

**GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property
- Vehicles (through Wayne County)
- Commercial inland marine
- Public officials' liability

The District has obtained its commercial auto liability and casualty coverage through the Wayne County Commissioners.

The District is also a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk up to the limits of the District's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability
- Employee benefits liability

The real property and contents are 80% coinsured with a \$1,000 deductible. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

7. 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 determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

General Health District
Wayne County
203 South Walnut Street
Wooster, Ohio 44691

To the Board of Trustees:

We have audited the accompanying financial statements of the General Health District, Wayne County, Ohio, (the District) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 30, 2000. 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 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 1999-60985-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 30, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 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 June 30, 2000.

General Health District
Wayne 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 management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 30, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

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

Finding Number	1999-60985-001
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Ohio Rev. Code Section 5705.41(D) states, in part, that:

No subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Of the transactions tested for the audit period, 30% were not certified by the Director prior to the obligation, commitment or expenditure. In addition, neither of the two exceptions were utilized. Failure to certify the availability of funds prior to entering into the commitment could result in making commitments in excess of available funds. The District should establish procedures to ensure that all expenditures are certified prior to their obligation.



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GENERAL HEALTH DISTRICT

WAYNE 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 12, 2000**