



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Henry County/Napoleon City
Combined General Health District
Henry County
140 East Washington Street
Hahn Center, Suite 302
Napoleon, Ohio 43545-1660

To Members of the Board:

We have audited the accompanying financial statements of Henry County/Napoleon City Combined General Health District (the District) as of and for the year ended December 31, 2001. 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 *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 of the Henry County/Napoleon City Combined General Health District as of December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2002 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. 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.

Henry County/Napoleon City
Combined General Health District
Henry 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 23, 2002

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Taxes	\$431,821			\$431,821
Intergovernmental	201,106	\$201,625	\$128,590	531,321
Licenses and Permits	101,899			101,899
Fees	97,646	37,578		135,224
Medicare/Medicaid Reimbursements		468,811		468,811
Other receipts	29,222	61,141	8,831	99,194
Total Cash Receipts	861,694	769,155	137,421	1,768,270
Cash Disbursements:				
Salaries	331,725	413,920	57,668	803,313
Supplies	34,490	43,528	9,966	87,984
Life Insurance	542			542
Equipment	23,146	7,681	2,370	33,197
Contracts - Services	40,279	85,488	31,174	156,941
Rentals	10,449	5,304		15,753
Travel	12,980	20,702	720	34,402
Tax Settlement Fees	12,031			12,031
Advertising and printing	1,251	6,177	10,787	18,215
Public employee's retirement	38,387	50,525	4,422	93,334
Worker's compensation	3,982	5,595	328	9,905
Medicare	3,450	5,708	833	9,991
Other	212,212	62,542	15,067	289,821
Total Disbursements	724,924	707,170	133,335	1,565,429
Total Receipts Over/(Under) Disbursements	136,770	61,985	4,086	202,841
Other Financing Receipts/(Disbursements):				
Transfers-In	18,790	35,000	4,726	58,516
Transfers-Out	(35,000)	(18,790)	(4,726)	(58,516)
Refunds	20			20
Reimbursements	13			13
Other sources			30,000	30,000
Total Other Financing Receipts/(Disbursements)	(16,177)	16,210	30,000	30,033
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	120,593	78,195	34,086	232,874
Fund Cash Balances, January 1	187,341	363,373	2,577	553,291
Fund Cash Balances, December 31	\$307,934	\$441,568	\$36,663	\$786,165

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

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**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Henry County/Napoleon City Combined General Health District, Henry 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 seven-member Board and a Health Commissioner. 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The 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 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:

Home Health Agency Fund - This fund receives Medicare/Medicaid Reimbursements and fees for providing home nursing services to elderly and homebound persons.

Hospice Fund - This fund receives Medicare/Medicaid Reimbursements and fees for providing home nursing services for the terminally ill.

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

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

3. Fiduciary Funds (Agency Funds)

These funds are used to account for resources for which the District is acting in an agency capacity. In July 2001, Henry County/Napoleon City Combined General Health District became the Administrative Agent for the Family and Children First Council. As a result the District had the following significant Fiduciary Funds:

Wellness Block Grant Fund - This fund receives state grant monies for providing family health services.

Family Children Restricted Fund - This fund receives state and federal grant monies for providing family and children health services.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2001 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under District's basis of accounting.

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

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

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,550,941	\$880,517	(\$670,424)
Special Revenue	1,401,974	804,155	(597,819)
Fiduciary	<u>500,630</u>	<u>172,147</u>	<u>(328,483)</u>
Total	<u>\$3,453,545</u>	<u>\$1,856,819</u>	<u>(\$1,596,726)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$955,780	\$759,924	\$195,856
Special Revenue	1,096,103	725,960	370,143
Fiduciary	<u>287,190</u>	<u>138,061</u>	<u>149,129</u>
Total	<u>\$2,339,073</u>	<u>\$1,623,945</u>	<u>\$715,128</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. These amounts are included in intergovernmental receipts in the financial statements.

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001. The District has paid all contributions required through December 31, 2001.

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

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

5. RISK MANAGEMENT

The 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 District's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities (the latest figures available) as of December 31:

	<u>2000</u>	<u>1999</u>
Cash and investments	\$17,112,129	\$15,295,389
Actuarial liabilities	\$7,715,035	\$6,636,543



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

Henry County/Napoleon City
Combined General Health District
Henry County
140 East Washington Street
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Napoleon, Ohio 43545-1660

To Members of the Board:

We have audited the accompanying financial statements of Henry County / Napoleon City Combined General Health District (the District) as of and for the year ended December 31, 2001, and have issued our report thereon dated April 23, 2002. We conducted our audit in accordance with auditing standards generally accepted by 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. 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.

Henry County/Napoleon City
Combined General Health District
Henry County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

April 23, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HENRY COUNTY/NAPOLEON CITY COMBINED HEALTH DISTRICT

HENRY 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
MAY 21, 2002**