



**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2001-2000**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Combined General Health District
Preble County
119 South Barron Street
Eaton, Ohio 45320

To Members of the Board:

We have audited the accompanying financial statements of the Combined General Health District, Preble County, Ohio (the District), as of and for the years ended December 31, 2001 and 2000. 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 and reserves for encumbrances of the Combined General Health District as of December 31, 2001 and 2000, 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 November 25, 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.

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

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

Jim Petro
Auditor of State

November 25, 2002

**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Federal awards	\$0	\$277,485	\$277,485
Intergovernmental	231,868	0	231,868
Permits	63,004	7,535	70,539
Other fees	46,889	103,219	150,108
Licenses	250	17,980	18,230
Fines	4,257	359	4,616
Contractual services	130,358	0	130,358
Other receipts	6,867	16,198	23,065
Total Cash Receipts	<u>483,493</u>	<u>422,776</u>	<u>906,269</u>
Cash Disbursements:			
Salaries	335,940	277,326	613,266
Supplies	9,844	28,961	38,805
Remittances to State	0	17,002	17,002
Equipment	1,869	0	1,869
Contracts - Services	26,065	33,152	59,217
Rentals	0	1,350	1,350
Travel	7,380	11,919	19,299
Vehicles	0	814	814
Utilities and rentals	4,835	2,940	7,775
Advertising and printing	562	685	1,247
Public employee's retirement	37,336	17,770	55,106
Worker's compensation	1,796	706	2,502
Other	31,262	34,785	66,047
Total Disbursements	<u>456,889</u>	<u>427,410</u>	<u>884,299</u>
Total Receipts Over/(Under) Disbursements	<u>26,604</u>	<u>(4,634)</u>	<u>21,970</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	18,730	18,730
Transfers-Out	0	(18,730)	(18,730)
Advances-In from County	0		0
Advances-Out from County	(5,000)		(5,000)
Total Other Financing Receipts/(Disbursements)	<u>(5,000)</u>	<u>0</u>	<u>(5,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>21,604</u>	<u>(4,634)</u>	<u>16,970</u>
Fund Cash Balances, January 1	<u>37,125</u>	<u>75,447</u>	<u>112,572</u>
Fund Cash Balances, December 31	<u>\$58,729</u>	<u>\$70,813</u>	<u>\$129,542</u>
Reserves for Encumbrances, December 31	<u>\$8,365</u>	<u>\$13,212</u>	<u>\$21,577</u>

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

**COMBINED GENERAL HEALTH DISTRICT
PREBLE 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Federal awards	\$0	\$293,725	\$293,725
Intergovernmental	229,835	5,000	234,835
Permits	48,522	9,544	58,066
Other fees	41,649	79,416	121,065
Licenses	450	14,800	15,250
Fines	2,031	473	2,504
Contractual services	76,590	0	76,590
Other receipts	2,884	50,691	53,575
	<u>401,961</u>	<u>453,649</u>	<u>855,610</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	286,347	297,361	583,708
Supplies	7,262	20,517	27,779
Remittances to State	0	5,790	5,790
Equipment	9,303	0	9,303
Contracts - Repair	7,000	528	7,528
Contracts - Services	5,993	34,300	40,293
Rentals	0	1,200	1,200
Travel	9,300	11,018	20,318
Vehicles	0	1,280	1,280
Utilities and rentals	3,201	2,662	5,863
Advertising and printing	1,500	907	2,407
Public employee's retirement	59,017	18,239	77,256
Worker's compensation	931	451	1,382
Other	43,675	46,628	90,303
	<u>433,529</u>	<u>440,881</u>	<u>874,410</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(31,568)</u>	<u>12,768</u>	<u>(18,800)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	4,196	21,676	25,872
Transfers-Out	0	(25,872)	(25,872)
Advances-In from County	30,000	0	30,000
Advances-Out from County	(5,046)		(5,046)
	<u>29,150</u>	<u>(4,196)</u>	<u>24,954</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,418)	8,572	6,154
Fund Cash Balances, January 1	<u>39,593</u>	<u>66,875</u>	<u>106,468</u>
Fund Cash Balances, December 31	<u>\$37,175</u>	<u>\$75,447</u>	<u>\$112,622</u>
Reserves for Encumbrances, December 31	<u>\$1,077</u>	<u>\$6,064</u>	<u>\$7,141</u>

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

**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Combined General Health District, Preble County, Ohio (the District), operates pursuant to Section 3709.07, of the Ohio Revised Code. It is responsible for health services in all of Preble County, including cities and villages. The District operates under the direction of a five-member Board of Health. The Preble County Auditor and Treasurer are responsible for the fiscal control of the resources of the District. Services provided by the District include: prevention and restriction of diseases, sanitation, vital statistics, abatement, removal of nuisances and air pollution control.

A Health Commissioner and the Medical Director, who is a licensed physician, are appointed by the Board of Health to supervise the activities of the District. Management believes the financial statements included in this report represent all of the funds for which the District is financially accountable.

B. Basis of Accounting

The Preble County Auditor, as fiscal agent for the District, prepares its financial statements. 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 Preble County Auditor, as fiscal agent for the District, maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions with each class of funds are as follows:

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.

**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

W.I.C. Fund

This fund receives federal grant money to provide health services for women, infants and children.

Child and Family Health Services Fund

This fund receives federal grant money for well child and prenatal health care.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 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.

**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$668,400	\$483,493	(\$184,907)
Special Revenue	376,645	441,506	64,861
Total	\$1,045,045	\$924,999	(\$120,046)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$707,661	\$465,254	\$242,407
Special Revenue	390,054	459,352	(69,298)
Total	\$1,097,715	\$924,606	\$173,109

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$638,010	\$406,157	(\$231,853)
Special Revenue	467,445	475,325	7,880
Total	\$1,105,455	\$881,482	(\$223,973)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$677,603	\$434,606	\$242,997
Special Revenue	496,493	472,817	23,676
Total	\$1,174,096	\$907,423	\$266,673

* Advances In and Out from the County are not included in the budgetary activity.

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.

**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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 and 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

5. RISK MANAGEMENT

Risk Pool Membership

The District is a member of the Public Entities Pool (the Pool) of Ohio. The Pool assumes the loss up to the limits of the District's policy. The following risks are covered by the Pool:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

6. COUNTY ADVANCES

The Preble County Commissioners advanced funds to the District for the purpose paying delinquent PERS. As of March 2002, the District had repaid the remaining balance of the advances.

	Beginning Balance	Advances Received	Repayments	Ending Balance
2000	\$10,046	\$30,000	\$5,046	\$35,000
2001	\$35,000		\$5,000	\$30,000

7. RELATED PARTY TRANSACTIONS

A Board member is pharmacist with a company from which the District acquired immunizations. The District paid \$647.09 in 2001 and \$590.31 in 2000 for these immunizations.

**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

8. SUBSEQUENT EVENTS

On July 1, 2002, the Preble County Educational Service Center relinquished its title as fiscal agent for the Preble County Family and Children First Council (the Council). The Preble County Health District became the new designated administrative agent with Preble County Auditor as the new designated fiscal agent on this date. On June 28, 2002, the Preble County Educational Service Center wrote checks to the Health District to transfer the Council's funds. The Preble County Educational Service Center did not transfer all the funds to the Health District because of funding requirements of the Help Me Grow Grant, Part C". The funding requirements of this grant require the Educational Service Center to serve as the fiscal agent of this grant until September 30, 2002. Hence, until that date the activity for this grant must run through the Educational Service Center. In order to address this matter, the Educational Service Center and the Health District entered into a service contract in which the Health District agreed to serve as Fiscal/Administrative Agent for services provided in regards to this grant from July 1, 2002 through September 30, 2002.

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

Combined General Health District
Preble County
119 South Barron Street
Eaton, Ohio 45320

To the Board of Health:

We have audited the accompanying financial statements of the Combined General Health District, Preble County, Ohio (the District), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 25, 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 report under Government Auditing Standards. However, we have noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 25, 2002.

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. 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 November 25, 2002.

Combined General Health District
Preble 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 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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

November 25, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COMBINED GENERAL HEALTH DISTRICT

PREBLE 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
DECEMBER 12, 2002**