



**COMBINED GENERAL HEALTH DISTRICT
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COMBINED GENERAL HEALTH DISTRICT
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REPORT OF INDEPENDENT ACCOUNTANTS

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, 1999 and 1998. 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 audits.

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 audits 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 1998, 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 August 23, 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 Health, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and it 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

August 23, 2000

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Tax Levy	\$89,330		\$89,330
Intergovernmental:			
Rollback	8,565		8,565
Federal		\$233,593	233,593
State Subsidy	15,422	35,223	50,645
Subdivisions	65,000		65,000
Charges for Services	46,285		46,285
Fees	7,894	40,036	47,930
Permits	54,203	11,910	66,113
Licenses	200	13,120	13,320
Fines		221	221
Contractual Service	35,535		35,535
Reimbursements	38,838	191	39,029
Other Receipts	982	75,521	76,503
Total Cash Receipts	362,254	409,815	772,069
Cash Disbursements:			
Salaries	250,163	266,701	516,864
Supplies	7,008	48,520	55,528
Reimittances - State		15,600	15,600
State of Ohio - Permit Fee		3,690	3,690
Contracts - Services	5,116	3,300	8,416
Personal Services		14,944	14,944
Equipment	3,019		3,019
Travel and Expenses	12,610	9,205	21,815
Advertising/Printing	1,025		1,025
PERS	58,048	18,272	76,320
Workers' Compensation & DWR	4,408	1,944	6,352
Fringe Benefits	18,961	20,245	39,206
Medicare	4,423	1,357	5,780
Postage		659	659
Telephone	3,774	2,665	6,439
Space Rental		1,200	1,200
Refund to State		967	967
Consortium Contract		5,785	5,785
Other Disbursements	30,876	14,117	44,993
Total Cash Disbursements	399,431	429,171	828,602
Total Receipts over/(under) Disbursements	(37,177)	(19,356)	(56,533)
Other Financial Receipts/(Disbursements)			
Transfers-In		1,520	1,520
Transfers-Out	(1,520)		(1,520)
Advances-In from County	20,045		20,045
Advances-Out to County	(10,000)		(10,000)
Advances-In	22,794	22,600	45,394
Advances-Out	(22,794)	(22,600)	(45,394)
Total Other Financing Receipts/(Disbursements)	8,525	1,520	10,045
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	(28,652)	(17,836)	(46,488)
Fund Cash Balances, January 1	68,245	84,712	152,957
Fund Cash Balances, December 31	\$39,593	\$66,876	\$106,469

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

**COMBINED GENERAL HEALTH DISTRICT
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum) Only</u>
Cash Receipts:			
Tax Levy	\$88,114		\$88,114
Intergovernmental:			
Rollback	8,416		8,416
Federal		\$208,317	208,317
State Subsidy	15,446	50,678	66,124
Subdivisions	65,000		65,000
Charges for Services	36,778		36,778
Fees	8,812	38,966	47,778
Permits	52,301	9,736	62,037
Licenses		13,560	13,560
Fines		306	306
Contractual Service	30,580		30,580
Reimbursements	20,088		20,088
Other Receipts	380		67,010
	<u>325,915</u>	<u>388,193</u>	<u>714,108</u>
Total Cash Receipts			
	<u>325,915</u>	<u>388,193</u>	<u>714,108</u>
Cash Disbursements:			
Salaries	214,811	259,837	474,648
Supplies	5,361	44,771	50,132
Reimittances - State		15,159	15,159
State of Ohio - Permit Fee		3,008	3,008
Contracts - Maintenance and Repairs		90	90
Contracts - Services	5,230	3,756	8,986
Personal Services		12,411	12,411
Equipment	7,274	3,346	10,620
Travel and Expenses	9,269	8,213	17,482
Advertising/Printing	1,223		1,223
PERS	33,269	16,181	49,450
Workers' Compensation & DWR	886	511	1,397
Fringe Benefits	13,231	17,902	31,133
Medicare	3,617	1,189	4,806
Postage		655	655
Telephone	3,066	2,597	5,663
Space Rental		975	975
Refund to State		2,577	2,577
Consortium Contract		6,378	6,378
Other Disbursements	33,299	12,952	46,251
	<u>330,536</u>	<u>412,508</u>	<u>743,044</u>
Total Cash Disbursements			
	<u>330,536</u>	<u>412,508</u>	<u>743,044</u>
Total Receipts over/(under) Disbursements	(4,621)	(24,315)	(28,936)
Other Financial Receipts/(Disbursements)			
Transfers-In	4,028	7,322	11,350
Transfers-Out	(7,322)	(4,028)	(11,350)
Transfer-In from County - BWC Rebate	9,870	1,871	11,741
Advances-In	6,311	6,311	12,622
Advances-Out	(6,311)	(6,311)	(12,622)
	<u>6,576</u>	<u>5,165</u>	<u>11,741</u>
Total Other Financing Receipts/(Disbursements)			
	<u>6,576</u>	<u>5,165</u>	<u>11,741</u>
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	1,955	(19,150)	(17,195)
Fund Cash Balances, January 1	66,290	103,862	170,152
Fund Cash Balances, December 31	<u>\$68,245</u>	<u>\$84,712</u>	<u>\$152,957</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$9,980</u>	<u>\$9,980</u>

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

**COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998**

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 Combined General Health 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 and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the Preble County Treasurer, who acts as custodian for District monies. The District's assets are held in the Preble County's cash and investment pool, and are valued at the 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 associated 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 required by law or contract to be accounted for in another fund.

2. Special Revenue Funds

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

**COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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. Budget

An itemized appropriation measure is required to be adopted by the Board of Health on or before April 20 for the next year. This appropriation measure, together with an estimate in itemized form, of the sources of revenue available to the District is certified to the Preble County Auditor, as Secretary of the County Budget Commission and by him submitted to the County Budget Commission for its approval.

2. 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 estimated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown in Note 2 do not include January 1, 1998 or January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

Budgetary expenditures, (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level and appropriations may not exceed estimated resources. A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The Board of Health may amend the appropriation measure during the year.

4. Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. 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. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

H. 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. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 524,547	\$ 362,254	\$ (162,293)
Special Revenue	434,233	411,335	(22,898)
Total	\$ 958,780	\$ 773,589	\$ (185,191)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 592,728	\$ 400,951	\$ 191,777
Special Revenue	503,470	429,171	74,299
Total	\$ 1,096,198	\$ 830,122	\$ 266,076

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 449,492	\$ 339,813	\$ (109,679)
Special Revenue	435,414	397,386	(38,028)
Total	\$ 884,906	\$ 737,199	\$ (147,707)

**COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 523,529	\$ 337,858	\$ 185,671
Special Revenue	467,677	416,536	51,141
Total	\$ 991,206	\$ 754,394	\$ 236,812

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Health. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

4. RISK MANAGEMENT

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
- Errors and omissions

5. 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 post-retirement 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 1999 and 1998, 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.



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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, 1999 and 1998, and have issued our report thereon dated August 23, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 23, 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. 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 August 23, 2000.

This report is intended solely for the information and use of management, the Board of Health, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and it 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

August 23, 2000



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
SEPTEMBER 12, 2000**