



**GENERAL HEALTH DISTRICT
COSHOCOTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**GENERAL HEALTH DISTRICT
COSHOCOTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

General Health District
Coshocton County
724 S. 7th Street
Coshocton, Ohio 43812

To the Board of Health:

We have audited the accompanying financial statements of the General Health District, Coshocton County, Ohio, (the District) as of and for the years ended December 31, 2000 and 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 audits.

We conducted our audits 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 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 audits provide 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, 2000 and 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 August 1, 2001 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 audits.

This report is intended solely for the information and use of the audit committee, management, the Board of Health 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.

Jim Petro
Auditor of State

August 1, 2001

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GENERAL HEALTH DISTRICT
COSHOCKTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Local subdivisions	\$77,944		\$77,944
Intergovernmental	19,274	\$344,891	364,165
Charges for services	10,759	12,505	23,264
Fees, licenses and permits	51,011	127,872	178,883
Contributions and donations		40,328	40,328
Other	5,162	2,688	7,850
Total Cash Receipts	164,150	528,284	692,434
Cash Disbursements			
State of Ohio portion of fees		137,053	137,053
Personal services	87,623	360,413	448,036
Supplies	1,483	15,255	16,738
Equipment	2,415	2,255	4,670
Contracts	13,643	23,810	37,453
Travel	3,885	3,968	7,853
Other	36,464	14,913	51,377
Total Cash Disbursements	145,513	557,667	703,180
Total Cash Receipts Over/(Under) Cash Disbursements	18,637	(29,383)	(10,746)
Other Financing Sources (Uses)			
Advances in	10,000		10,000
Advances out		(10,000)	(10,000)
Transfers in		5,836	5,836
Transfers out	(5,836)		(5,836)
Total Other Financing Sources (Uses)	4,164	(4,164)	0
Total Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Sources (Uses)	22,801	(33,547)	(10,746)
Fund Cash Balances, January 1, 2000	78,482	129,529	208,011
Fund Cash Balances, December 31, 2000	\$101,283	\$95,982	\$197,265
Reserve for Encumbrances, December 31, 2000	\$4,801	\$10,044	\$14,845

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

**GENERAL HEALTH DISTRICT
COSHOCKTON COUNTY**

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

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Local subdivisions	\$94,000		\$94,000
Intergovernmental	34,700	\$327,236	361,936
Charges for services	9,674	10,733	20,407
Fees, licenses and permits	48,925	118,878	167,803
Contributions and donations		40,029	40,029
Other	1,870	3,957	5,827
Total Cash Receipts	189,169	500,833	690,002
Cash Disbursements			
State of Ohio portion of fees		67,168	67,168
Personal services	94,517	372,645	467,162
Supplies	1,189	7,578	8,767
Equipment	2,700	3,658	6,358
Contracts	16,317	37,060	53,377
Travel	3,457	2,915	6,372
Other	47,958	11,253	59,211
Total Cash Disbursements	166,138	502,277	668,415
Total Cash Receipts Over/(Under) Cash Disbursements	23,031	(1,444)	21,587
Other Financing Sources (Uses)			
Advances in		10,000	10,000
Advances out	(10,000)		(10,000)
Transfers in		1,500	1,500
Transfers out	(1,500)		(1,500)
Total Other Financing Sources (Uses)	(11,500)	11,500	0
Total Cash Receipts and Other Financing Sources Over Cash Disbursements and Other Financing Uses	11,531	10,056	21,587
Fund Cash Balances, January 1, 1999	66,951	119,473	186,424
Fund Cash Balances, December 31, 1999	\$78,482	\$129,529	\$208,011
Reserve for Encumbrances, December 31, 1999	\$4,667	\$11,976	\$16,643

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

**GENERAL HEALTH DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The General Health District, Coshocton 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 five 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 that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Women, Infants, and Children Fund and Child Family Health Services Fund - These funds are used to account from receipts from federal grants.

**GENERAL HEALTH DISTRICT
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Solid Waste Fund - This fund is used to account for permits issued and grants from the Four County Solid Waste District.

D. Budgetary Process

The District is subject to budgetary provisions of Ohio Revised Code Section 3709.28, as well as Sections 5705.28(C)(1) and 5705.41(D). Accordingly, an appropriation measure is adopted by the District on or before the first Monday in April of 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 advance and transfer activity when they prepare their budgets.

The appropriation measure 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 line item, create new line items, and make additional appropriations, subject to the availability of funds.

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 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

F. Unpaid Vacation and Sick Leave

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

**GENERAL HEALTH DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Coshocton County Auditor serves as fiscal agent for the District, and the Coshocton County Treasurer maintains a cash pool used by all County Funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2000 and 1999 was \$197,265, and \$208,011, respectively, 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 years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,776	\$174,150	\$1,374
Special Revenue	528,246	534,120	5,874
Total	\$701,022	\$708,270	\$7,248

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$185,898	\$156,150	\$29,748
Special Revenue	628,299	577,711	50,588
Total	\$814,197	\$733,861	\$80,336

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$185,466	\$189,169	\$3,703
Special Revenue	489,475	512,333	22,858
Total	\$674,941	\$701,502	\$26,561

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,853	\$182,305	(\$1,452)
Special Revenue	554,433	514,253	40,180
Total	\$735,286	\$696,558	\$38,728

**GENERAL HEALTH DISTRICT
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. NON-COMPLIANCE

Contrary to Ohio Rev. Code Section 5705.41(D), the District's fiscal officer did not always certify the availability of funds prior to incurring the obligation.

5. PROPERTY TAX SUBSIDY

The Coshocton County Budget Commission determines and allocates a Health Subsidy to the District from the participating local subdivisions based upon the total expenditures and carryover balance of the District. The County distributes this allocation to the District semiannually.

The District has no specific tax levies.

6. RETIREMENT SYSTEM

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer pension 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 2000 and 1999, members contributed 8.5% of their gross salaries. The District contributed an amount equal to 10.84% and 13.55% of participants' gross salaries for 2000 and 1999, respectively. PERS contributions are processed by the Coshocton County Auditor. The District has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property
- Vehicles (through the Coshocton County Commissioners)
- Commercial inland marine
- Public officials' liability

Risk Pool Membership

The District belongs to the Ohio Municipal Joint Self-Insurance Pool (the "Pool") an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts generally protect against individual losses over \$150,000.

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

**GENERAL HEALTH DISTRICT
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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

9. PENDING LITIGATION

The District is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not significantly affect the District's financial condition.

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

General Health District
Coshocton County
724 S. 7th Street
Coshocton, Ohio 43812

To the Board of Health:

We have audited the accompanying financial statements of the General Health District, Coshocton County, Ohio, (the District) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 1, 2001. We conducted our audits 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.

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 audits 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 2000-61016-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 1, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 a material weakness. 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 1, 2001.

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

Jim Petro
Auditor of State

August 1, 2001

**COSHOCTON COUNTY GENERAL HEALTH DISTRICT
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
AS OF DECEMBER 31, 2000 AND 1999**

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

Finding Number	2000-61016-001
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Budgetary Requirement - Appropriation Restrictions:

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any 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 certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for 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 Health 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 County Auditor may authorize payment through a Then and Now Certificate without affirmation of the Board of Health, if such expenditure is otherwise valid.

For 23% of the expenditures tested during 2000 and 1999, the District's Fiscal Officer did not certify the availability of funds prior to incurring the obligations. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The District should certify the availability of funds prior to incurring any obligation. This will help prevent the potential over spending of available resources. In addition, the District should inform employees of the requirements of Ohio Rev. Code Section 5705.41(D). The District should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.



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COSHOCTON COUNTY GENERAL HEALTH DISTRICT

COSHOCTON 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 13, 2001**