



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

General Health District
Allen County
P.O. Box 1503
219 East Market Street
Lima, Ohio 45802

To Members of the Board:

We have audited the accompanying financial statements of the General Health District, Allen County (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 General Health District, as of December 31, 2001, and its combined cash receipts and disbursements for the year 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 17, 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.

We performed our audit to form an opinion on the financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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 § 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 17, 2002

**GENERAL HEALTH DISTRICT
ALLEN 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards		\$820,788	\$820,788
Subdivisions	\$723,237		723,237
Intergovernmental	61,074	172,063	233,137
Permits	148,937	22,894	171,831
Other fees	424,033	299,134	723,167
Licenses	29,015	258,805	287,820
Contractual services	49,364		49,364
Other receipts	10,701	40,976	51,677
	<u>1,446,361</u>	<u>1,614,660</u>	<u>3,061,021</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	929,662	997,810	1,927,472
Supplies	38,878	151,360	190,238
Remittances to State		22,880	22,880
Equipment	29,047	4,667	33,714
Contracts - Repair	3,069	1,281	4,350
Contracts - Services	20,432	89,467	109,899
Rentals	77,985	39,373	117,358
Fees		2,508	2,508
Travel	15,524	16,024	31,548
Advertising and printing	16		16
Public employee's retirement	124,684	129,660	254,344
Medicare Tax	9,548	10,869	20,417
Health and Life Insurance	168,130	145,631	313,761
Other	87,621	63,186	150,807
	<u>1,504,596</u>	<u>1,674,716</u>	<u>3,179,312</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(58,235)</u>	<u>(60,056)</u>	<u>(118,291)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	185,000	185,000	370,000
Transfers-Out	(185,000)	(185,000)	(370,000)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(58,235)</u>	<u>(60,056)</u>	<u>(118,291)</u>
Fund Cash Balances, January 1, 2001	<u>188,169</u>	<u>339,159</u>	<u>527,328</u>
Fund Cash Balances, December 31, 2001	<u>\$129,934</u>	<u>\$279,103</u>	<u>\$409,037</u>

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	<u>Internal Service</u>
Cash Receipts:	
Charges for Service	\$292,885
Other receipts	<u>684</u>
Total Cash Receipts	<u>293,569</u>
Cash Disbursements:	
Claims Expense	122,995
Premium Expense	<u>165,874</u>
Total Cash Disbursements	<u>288,869</u>
Total Receipts Over Disbursements	<u>4,700</u>
Fund Cash Balance, January 1, 2001	<u>1,330</u>
Fund Cash Balance, December 31, 2001	<u>\$6,030</u>

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The General Health District, Allen County, (the "District") operates under the direction of a seven member board. An appointed health commissioner is responsible for administering the laws relating to health and sanitation within the County. Services provided by the District include recording of vital statistics, inspection of food service facilities, water wells, sewers, and public health nursing services. They also act upon various complaints made to the District concerning the health and welfare of the County.

The District maintains direct fiscal control over the funds deposited with the Allen County Treasurer. The Allen County Auditor serves as fiscal officer.

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 that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Women, Infants and Children (WIC) Fund - This is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Child and Family Health Service (Nursing) Fund - This account provides funds for improvement of the health of all mothers and children.

3. Proprietary Fund

Internal Service Fund

This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governmental units, on a cost-reimbursement basis. The District had the following significant internal Service Fund:

Health Benefits Fund - This account provides funds for the payment of insurance claims and premiums.

E. Budgetary Process

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by the first Monday of April of each year, for the period January 1 to December 31 of the following year.

1. Appropriations

An annual appropriations measure must be passed by the first Monday of April for the next ensuing period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

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 contemplated expenditures during the ensuing fiscal year will not exceed the amount stated in the certificate. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts, as shown in the accompanying financial statements, do not include January 1, 2001 fund balances. However, those fund balances are available for appropriations.

3. Encumbrances

The District uses the encumbrance method of accounting. 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. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2001 budgetary activity appears in Note 2.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(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. 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 the District's basis of accounting.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,224,250	\$1,631,361	\$407,111
Special Revenue	1,854,844	1,799,660	(55,184)
Proprietary	24,000	293,569	269,569
Total	\$3,103,094	\$3,724,590	\$621,496

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,698,386	\$1,689,596	\$1,008,790
Special Revenue	412,228	1,859,716	(1,447,488)
Fiduciary	245,000	288,869	(43,869)
Total	\$3,355,614	\$3,838,181	(\$482,567)

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over 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 subdivision receipts in the financial statements.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

4. CONTRACTUAL OBLIGATIONS

The District is a party to a twenty year lease for rental of office space. This lease was effective November 1, 1991 and terminates October 31, 2011. This lease requires the District to remit monthly payments on the first day of each month. The lease payments were fixed for the first five years at \$78,500 per year. At the end of the first five years, the lease rental payments increase by five percent to \$82,425 per year and will remain fixed through the tenth year. At the end of the tenth year, the lease rental payments increase by five percent to \$86,526 per year and will remain fixed through the fifteenth year. At the end of the fifteenth year, the lease rental payments increase by five percent to \$90,874 per year and will remain fixed through the conclusion of the original lease. Total payments required to fulfill this lease, as of December 31, 2001 are \$873,061.

During 1993, an amendment was attached to the above lease agreement. Construction was performed on the building to provide additional office space for the WIC division. The additional lease was effective July 21, 1993 and terminates October 31, 2011. The lease requires the District to remit monthly payments of \$325. At the end of the first five years, the lease rental payments increase by five percent and will remain fixed through the tenth year. At the end of the tenth year, the lease rental payments increase by five percent and will remain fixed through the fifteenth year. At the end of the fifteenth year, the lease rental payments increase by five percent and will remain fixed through the conclusion of the original lease. Total payments required to fulfill this lease, as of December 31, 2001, are \$44,075.

The District is a party to a one year lease for rental of office space for its Family Planning Division. This lease was effective October 1, 2001 and terminates on December 31, 2002. This lease requires the District to remit monthly payments of \$2,130. Total payments required to fulfill this lease, as of December 31, 2001, are \$19,170.

The District is a party to a one year lease for rental of office space for its Women's Preventive Healthcare Division. This lease was effective November 30, 2001 and terminates on December 1, 2002. This lease requires the District to remit monthly payments of \$420. Total payments required to fulfill this lease, as of December 31, 2001, are \$4,620.

The District is a party to a five year lease for a copier. This lease was effective in May of 1998 and terminates in April of 2003. This lease requires the District to remit monthly payments of \$236. Total payments required to fulfill this lease, as of December 31, 2001, are \$4,005.

5. 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. The District has paid all contributions required through December 31, 2001.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the audit period, the District contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Maximum	Deductible
Indiana Insurance Co.	Business Personal Property (90% co-insurance)	\$342,000	\$250
	Extra Expense	50,000	0
	Commercial Crime	20,000	0
	Electronic Data Processing	101,000	250
	Liability/ Uninsured Motorists	1,000,000	250
CNA Insurance Company	Dishonesty/Forgery or Alteration	2,500/ emp	0

Risk Pool Membership

The Government belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

6. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

Casualty Coverage	2001	2000
Assets	19,358,458	\$17,112,129
Liabilities	<u>(8,827,588)</u>	<u>(7,715,035)</u>
Retained earnings	<u>\$10,530,870</u>	<u>\$9,397,094</u>
Property Coverage	2001	2000
Assets	1,890,323	\$1,575,614
Liabilities	<u>(469,100)</u>	<u>(281,561)</u>
Retained earnings	<u>\$1,421,223</u>	<u>\$1,294,053</u>

Self Insurance

The District is also self insured for employee health insurance. Interfund rates are charged based on claims approved by the claims administrator. The Self Insurance Fund cash balance as of December 31 follows:

	<u>2001</u>	<u>2000</u>
Cash	<u>\$6,030</u>	<u>\$1,330</u>

For the year ended December 31, 2001, the District did not obtain an actuarially prepared report of reserves and liabilities in accordance with Ohio Rev. Code 9.833. Claims payable at December 31, 2001 are \$30,360.

Year	Current-Year Claims	Claims Payments	End of Year
2001	\$196,048	\$165,688	\$30,360

Multiple year data will be provided in the disclosure in future 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.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Project Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health:</i>			
Breast and Cervical Cancer Grant	93.919	FY02 AE392	\$26,814
	93.919	FY01 AE392	88,751
Subtotal			<u>115,565</u>
Injury Grant	93.991	FY01 EE01	26,666
Cardiovascular Disease Grant	93.991	FY01 AH387	61,000
Subtotal			<u>87,666</u>
Tobacco Prevention Project	93.283	FY02 CJ01	20,898
	93.283	FY01 CJ00	29,356
Subtotal			<u>50,254</u>
Maternal and Child Health Services Block Grant	93.994	FY02 A102	37,070
	93.994	FY01 A101	172,841
Subtotal			<u>209,911</u>
Immunization Action Plan Grant	93.268	FY01 AZ392	27,471
Total U.S. Department of Health and Human Services			<u>490,867</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health:</i>			
Special Supplement Food Program for Women, Infants, and Children (WIC)	10.557	FY02 CL02	79,045
	10.557	FY01 CL01	291,229
Total U.S. Department of Agriculture			<u>370,274</u>
Total Federal Awards Expenditures			<u><u>\$861,141</u></u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain federal programs require the District to contribute non-federal funds (matching funds) to support the federally funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

General Health District
Allen County
P.O. Box 1503
219 East Market Street
Lima, Ohio 45802

To Members of the Board:

We have audited the accompanying financial statements of the General Health District, Allen County (the District) as of and for the year ended December 31, 2001 and have issued our report thereon dated June 17, 2002. 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.

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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 17, 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 June 17, 2002.

General Health District
Allen 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, the Board of Health, federal awarding agencies and pass-through entities, 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 stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 17, 2002



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

General Health District
Allen County
P.O. Box 1503
219 East Market Street
Lima, Ohio 45802

To Members of the Board:

Compliance

We have audited the compliance of the General Health District, Allen County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Health, federal awarding agencies and pass-through entities, 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 stylized flourish at the end.

Jim Petro
Auditor of State

June 17, 2002

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 10.557 Special Supplemental Food Program for Women, Infants, and Children Grant CFDA # 93.919 Breast and Cervical Cancer Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all remaining programs
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GENERAL HEALTH DISTRICT

ALLEN 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
AUGUST 1, 2002**