



**Auditor of State  
Betty Montgomery**



**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the 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, 2002. 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 District as of December 31, 2002, 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 July 31, 2003, 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.

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. In our opinion, it 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 31, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Awards		\$1,053,808	\$1,053,808
Intergovernmental	770,816	101,226	872,042
Inspection Fees	160,602	1,340	161,942
Permits		40,970	40,970
Other Fees	516,322	380,094	896,416
Licenses	20,355	246,384	266,739
Contractual Services	51,271		51,271
Other Receipts	24,389	27,500	51,889
Total Cash Receipts	<u>1,543,755</u>	<u>1,851,322</u>	<u>3,395,077</u>
<b>Cash Disbursements:</b>			
Salaries	951,603	1,026,281	1,977,884
Supplies	34,898	141,583	176,481
Remittances to State		25,393	25,393
Equipment	29,736	40,251	69,987
Contracts - Repair	847	1,747	2,594
Contracts - Services	20,974	92,435	113,409
Rentals	86,510	42,702	129,212
Travel	12,308	20,970	33,278
Utilities and Rentals	22,558	11,576	34,134
Advertising and Printing	651		651
Public Employee's Retirement	133,112	136,518	269,630
Medicare Tax	7,077	11,914	18,991
Health and Life Insurance	1,502	219,150	220,652
Other	124,309	35,416	159,725
Total Cash Disbursements	<u>1,426,085</u>	<u>1,805,936</u>	<u>3,232,021</u>
Total Receipts Over/(Under) Disbursements	<u>117,670</u>	<u>45,386</u>	<u>163,056</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	185,000	40,000	225,000
Transfers-Out	<u>(185,000)</u>	<u>(185,000)</u>	<u>(370,000)</u>
Total Other Financing Receipts/(Disbursements)		<u>(145,000)</u>	<u>(145,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	117,670	(99,614)	18,056
Fund Cash Balances, January 1, 2002	<u>122,737</u>	<u>286,300</u>	<u>409,037</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u><b>\$240,407</b></u>	<u><b>\$186,686</b></u>	<u><b>\$427,093</b></u>

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

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGE IN FUND CASH BALANCE  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Proprietary Fund Type</b>
	<b>Internal Service</b>
<b>Cash Receipts:</b>	
Charges for Services	\$32,540
Other Receipts	273
	32,813
Total Cash Receipts	32,813
<b>Cash Disbursements:</b>	
Claims and Premium Expenses	126,789
	126,789
Total Cash Disbursements	126,789
Total Receipts Under Disbursements	(93,976)
<b>Other Financing Receipts/(Disbursements):</b>	
Transfers-In	145,000
	145,000
Total Other Financing Receipts/(Disbursements)	145,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	51,024
Fund Cash Balance, January 1, 2002	6,030
<b>Fund Cash Balance, December 31, 2002</b>	<b>\$57,054</b>

*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, 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The General Health District, Allen County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a seven-member Board and a Health Commissioner. The District's services include recording of vital statistics, communicable disease investigations, immunization clinics, inspections, public health nursing services and issues, and health-related licenses and permits.

The District maintains directs 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.

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

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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**

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 level of control and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2002 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.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2002 follows:

<b>2002 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,301,350	\$1,728,755	\$427,405
Special Revenue	1,845,355	1,891,322	45,967
Proprietary	32,000	177,813	145,813
Total	\$3,178,705	\$3,797,890	\$619,185

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$2,819,374	\$1,611,085	\$1,208,289
Special Revenue	381,331	1,990,936	(1,609,605)
Proprietary	300,000	126,789	173,211
Total	\$3,500,705	\$3,728,810	(\$228,105)

**3. INTERGOVERNMENTAL FUNDING**

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in intergovernmental receipts in the financial statements.

**4. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, 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, 2002.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**5. 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, 2002 are \$786,535.

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, 2002, are \$39,775.

The District is a party to a three year lease for rental of office space for its Family Planning Division. This lease was effective December 1, 2002 and terminates on November 31, 2005. This lease requires the District to remit monthly payments of \$1,000. Total payments required to fulfill this lease, as of December 31, 2002, are \$35,000.

The District is a party to a one year and three month lease for rental of office space for its Women, Infants and Children Division. This lease was effective July 1, 2002 and terminates on September 30, 2003. This lease requires the District to remit monthly payments of \$1,400. Total payments required to fulfill this lease, as of December 31, 2002, are \$12,600.

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, 2002, are \$944.

**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:

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

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**Risk Pool Membership**

The District 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 claim, including loss adjustment expenses. 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-claim limit of \$2,000,000.

**Property Coverage**

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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.

**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:

<b>Casualty Coverage</b>	<b>2002</b>	<b>2001</b>
Assets	\$20,174,977	\$19,358,458
Liabilities	<u>(8,550,749)</u>	<u>(8,827,588)</u>
Retained earnings	<u>\$11,624,228</u>	<u>\$10,530,870</u>
 <b>Property Coverage</b>	 <b>2002</b>	 <b>2001</b>
Assets	\$2,565,408	1,890,323
Liabilities	<u>(655,318)</u>	<u>(469,100)</u>
Retained earnings	<u>\$1,910,090</u>	<u>\$1,421,223</u>

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**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 was:

	<b>2002</b>	<b>2001</b>
Cash	<u>\$57,054</u>	<u>\$6,030</u>

Claims payable at December 31, 2002 are \$20,917.

<b>Year</b>	<b>Current-Year Claims</b>	<b>Claims Payments</b>	<b>End of Year</b>
2001	\$196,048	\$165,688	\$30,360
2002	193,516	172,599	20,917

For the year ended December 31, 2002, the District did not obtain an actuarially prepared report of reserves and liabilities in accordance with Ohio Rev. Code 9.833.

**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, 2002

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. Department of Agriculture</b>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplement Nutrition Program for Women, Infants and Children (WIC)	10.557	\$333,722 108,411	\$335,422 98,407
<b>Total U.S. Department of Agriculture</b>		<u>442,133</u>	<u>433,829</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed Through Ohio Department of Health</i>			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	1,682 88,147 31,383	90,719 28,538
Subtotal		<u>121,212</u>	<u>119,257</u>
Preventive Health and Health Services Block Grant Injury Grant	93.991	2,365 24,721	26,633
Cardiovascular Disease Grant	93.991	5,286 66,000	65,988
Subtotal		<u>98,372</u>	<u>92,621</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance Tobacco Prevention Grant	93.283	26,581	29,049
Tobacco Prevention Grant		35,618	28,158
Infrastructure Bioterrorism Grant	93.283	85,216	44,971
Subtotal		<u>147,415</u>	<u>102,178</u>
Maternal and Child Health Services Block Grant to the States	93.994	145,540 44,136	163,013 24,574
Subtotal		<u>189,676</u>	<u>187,587</u>
Immunization Grant	93.268	55,000	55,000
<b>Total U.S. Department of Health and Human Services</b>		<u>611,675</u>	<u>556,643</u>
<b>Total Federal Financial Assistance</b>		<u>\$1,053,808</u>	<u>\$990,472</u>

See accompanying notes to the schedule of federal awards expenditures.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2002, and have issued our report thereon dated July 31, 2003. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 31, 2003.

**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, July 31, 2003.

This report is intended solely for the information and use of management, the Board, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 31, 2003



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2002. 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, 2002.

### **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.

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, 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.



**Betty Montgomery**  
Auditor of State

July 31, 2003

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA # 10.557 Special Supplemental Food Program for Woman, Infants, and Children Grant. CFDA # 93.994 Maternal and Child Health Services Block Grant to States
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all remaining programs
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.





**Auditor of State  
Betty Montgomery**

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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  
SEPTEMBER 25, 2003**