



**Auditor of State
Betty Montgomery**

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

General Health District
Mercer County
220 Livingston Street
Celina, OH 45822

To Members of the Board:

We have audited the accompanying financial statements of the General Health District (the District), Mercer County, as of and for the years ended December 31, 2002 and 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 and reserves for encumbrances of the General Health District as of December 31, 2002 and December 31, 2001, 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 June 17, 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.

This report is intended solely for the information and use of the audit committee, 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

June 17, 2003

**GENERAL HEALTH DISTRICT
MERCER 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$116,123	\$91,464	\$207,587
Permits	7,425	9,345	16,770
Other fees	138,673	12,990	151,663
Licenses	6,000	82,041	88,041
Other receipts	5,724		5,724
	<u>273,945</u>	<u>195,840</u>	<u>469,785</u>
Total Cash Receipts			
	<u>273,945</u>	<u>195,840</u>	<u>469,785</u>
Cash Disbursements:			
Salaries	207,700	47,917	255,617
Supplies	21,760	219	21,979
Remittances to State		13,132	13,132
Equipment	346		346
Health Insurance	46,348		46,348
Contracts - Services		54,660	54,660
Travel	2,181	5,655	7,836
Advertising and printing	451		451
Public employee's retirement	23,500	5,429	28,929
Other	16,300	21,154	37,454
	<u>318,586</u>	<u>148,166</u>	<u>466,752</u>
Total Disbursements			
	<u>318,586</u>	<u>148,166</u>	<u>466,752</u>
Total Receipts Over/(Under) Disbursements	<u>(44,641)</u>	<u>47,674</u>	<u>3,033</u>
Other Financing Receipts/(Disbursements):			
Advances-In	3,000	3,000	6,000
Advances-Out	(3,000)	(3,000)	(6,000)
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(44,641)	47,674	3,033
Fund Cash Balances, January 1	<u>79,778</u>	<u>81,183</u>	<u>160,961</u>
Fund Cash Balances, December 31	<u><u>\$35,137</u></u>	<u><u>\$128,857</u></u>	<u><u>\$163,994</u></u>
Reserves for Encumbrances, December 31	<u><u>\$2,373</u></u>	<u><u>\$85,697</u></u>	<u><u>\$88,070</u></u>

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

**GENERAL HEALTH DISTRICT
MERCER 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$116,263	\$71,839	\$188,102
Permits	9,225	8,250	17,475
Other fees	123,033	12,870	135,903
Licenses	3,950	79,186	83,136
Other receipts	971	150	1,121
	<u>253,442</u>	<u>172,295</u>	<u>425,737</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	161,874	46,104	207,978
Supplies	19,140	179	19,319
Remittances to State		41,387	41,387
Equipment	113		113
Health Insurance	52,451		52,451
Contracts - Services	2,276	56,278	58,554
Travel		4,355	4,355
Advertising and printing	279		279
Public employee's retirement	19,631	5,492	25,123
Worker's compensation	3,070	739	3,809
Other	16,590	16,377	32,967
	<u>275,424</u>	<u>170,911</u>	<u>446,335</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(21,982)</u>	<u>1,384</u>	<u>(20,598)</u>
Other Financing Receipts/(Disbursements):			
Advances-In	3,000	3,000	6,000
Advances-Out	(3,000)	(3,000)	(6,000)
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,982)	1,384	(20,598)
Fund Cash Balances, January 1	<u>101,760</u>	<u>79,799</u>	<u>181,559</u>
Fund Cash Balances, December 31	<u><u>\$79,778</u></u>	<u><u>\$81,183</u></u>	<u><u>\$160,961</u></u>
Reserves for Encumbrances, December 31	<u><u>\$1,956</u></u>	<u><u>\$64,754</u></u>	<u><u>\$66,710</u></u>

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

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The General Health District, Mercer 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 and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable.

The District maintains direct fiscal control over the revenues of the general and special revenue funds of the Board held by the Mercer County Treasurer with the Mercer County Auditor serving as fiscal officer.

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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Food Service Fund – This fund accounts for the sale of food service licenses.

Prenatal Fund - This fund accounts for the federal grant transactions.

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Solid Waste Fund – The fund accounts for the issuance fee for landfill licenses and for revenues associated with the contract between the Mercer County Solid Waste District and the Mercer County Board of Health.

Water System Fund – This fund accounts for the sale of water permits and the testing of water.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 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
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$278,375	\$273,945	(\$4,430)
Special Revenue	331,703	195,840	(135,863)
Total	\$610,078	\$469,785	(\$140,293)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$356,618	\$320,959	\$35,659
Special Revenue	376,683	233,863	142,820
Total	\$733,301	\$554,822	\$178,479

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$266,647	\$253,442	(\$13,205)
Special Revenue	256,788	172,295	(84,493)
Total	\$523,435	\$425,737	(\$97,698)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$363,290	\$277,380	\$85,910
Special Revenue	302,871	235,665	67,206
Total	\$666,161	\$513,045	\$153,116

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.

**GENERAL HEALTH DISTRICT
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. RETIREMENT SYSTEM (Continued)

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

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability, and
- Errors and omissions.

The District maintains coverage as listed above through a private carrier.

Health Department employees receive the same health insurance and dental and vision coverage as do employees of Mercer County.

6. CONTINGENT LIABILITIES

The District is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, counsel believes that the resolution of these matters will not materially adversely effect the District's financial condition.



**Auditor of State
Betty Montgomery**

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

General Health District
Mercer County
220 Livingston Street
Celina, OH 45822

To Members of the Board:

We have audited the accompanying financial statements of the General Health District (the District), Mercer County, as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated June 17, 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 an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 17, 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 June 17, 2003.

General Health District
Mercer County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management, the Board, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 17, 2003



**Auditor of State
Betty Montgomery**

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MERCER COUNTY GENERAL HEALTH DISTRICT

MERCER 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
JULY 24, 2003**