

Hamilton County
General Health District
Report on Audit of Financial Statements
for the Years Ended December 31, 1999 and 1998



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street,
1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398
www.auditor.state.oh.us

Hamilton County General Health District
County of Hamilton, Ohio
250 W. Howard Taft, 2nd Floor
Cincinnati, Ohio 45219

We have reviewed the Independent Auditor's Report of the Hamilton County General Health District, Hamilton County, prepared by PricewaterhouseCoopers LLP, for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hamilton County General Health District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

November 17, 2000

Report of Independent Accountants

Hamilton County General Health District
County of Hamilton, Ohio
250 W. Howard Taft, 2nd Floor
Cincinnati, Ohio 45219

We have audited the accompanying financial statements of the Hamilton County General Health District, County of Hamilton, Ohio, (the "District"), at and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

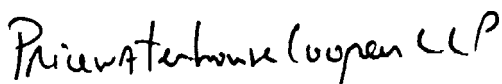
We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, which require 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, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described 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 accounting principles generally accepted in the United States of America.

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 Hamilton County General Health District at December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2000, on our consideration of the District's internal control over financial reporting and on 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 management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



July 25, 2000

**Hamilton County General Health District
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in
 Fund Cash Balances – All Governmental Fund Types
 for the year ended December 31, 1999**

	General	Special Revenue	Totals (Memorandum Only)
Cash receipts:			
Intergovernmental	\$ 233,680	\$ -	\$ 233,680
Charges for services	836,172	104,820	940,992
Fines, licenses and permits	1,726,963	735,323	2,462,286
Miscellaneous	2,951	12,900	15,851
Total cash receipts	<u>2,799,766</u>	<u>853,043</u>	<u>3,652,809</u>
Cash disbursements:			
Salaries	1,561,300	573,871	2,135,171
Benefits	417,899	129,922	547,821
Travel and mileage	117,175	-	117,175
Office supplies	61,867	-	61,867
Furniture and equipment	61,205	13,618	74,823
Repair and maintenance	8,819	-	8,819
Contract services	213,050	-	213,050
State and other agency fees	62,891	171,197	234,088
Other expenditures	152,970	-	152,970
Total cash disbursements	<u>2,657,176</u>	<u>888,608</u>	<u>3,545,784</u>
Excess (deficit) of cash receipts over cash disbursements	142,590	(35,565)	107,025
Fund cash balances at January 1, 1999	<u>1,153,412</u>	<u>177,831</u>	<u>1,331,243</u>
Fund cash balances at December 31, 1999	<u>\$ 1,296,002</u>	<u>\$ 142,266</u>	<u>\$ 1,438,268</u>
Reserve for encumbrances at December 31, 1999	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**Hamilton County General Health District
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in
 Fund Cash Balances – All Governmental Fund Types
 for the year ended December 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Intergovernmental	\$ 278,962	\$ -	\$ 278,962
Charges for services	745,272	114,584	859,856
Fines, licenses and permits	1,489,800	688,045	2,177,845
Miscellaneous	3,932	9,000	12,932
Total cash receipts	<u>2,517,966</u>	<u>811,629</u>	<u>3,329,595</u>
Cash disbursements:			
Salaries	1,424,615	539,902	1,964,517
Benefits	378,018	106,733	484,751
Travel and mileage	107,820	-	107,820
Office supplies	70,875	-	70,875
Furniture and equipment	89,379	9,978	99,357
Repair and maintenance	8,927	-	8,927
Contract services	212,858	-	212,858
State and other agency fees	76,791	126,509	203,300
Other expenditures	160,217	-	160,217
Total cash disbursements	<u>2,529,500</u>	<u>783,122</u>	<u>3,312,622</u>
(Deficit) excess of cash receipts over cash disbursements	(11,534)	28,507	16,973
Fund cash balances at January 1, 1998	<u>1,164,946</u>	<u>149,324</u>	<u>1,314,270</u>
Fund cash balances at December 31, 1998	<u>\$ 1,153,412</u>	<u>\$ 177,831</u>	<u>\$ 1,331,243</u>
Reserve for encumbrances at December 31, 1998	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Hamilton County General Health District

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Hamilton County General Health District (the “District”) is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under the direction of a five-member Board of Health. Members of this Board are appointed to serve five-year terms by the District Advisory Council. Members of this Council include the chief executive of each municipal corporation not constituting a city health district and the chairman of the board of township trustees of each township in the District or their alternates selected by their respective governing bodies. The Hamilton County Auditor is responsible for fiscal control of the resources of the District. The Hamilton County Treasurer is the custodian of these funds. Services provided by the District include public health care and the prevention or restriction of diseases.

Management believes the financial statements included in this report represent all of the funds of the District for which they have financial accountability.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed 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. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Hamilton County General Health District

Notes to the Financial Statements

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 – accounts for the receipts and disbursements activity relating to the issuance of food service licenses throughout the County of Hamilton (the “County”).

Crippled Children Fund – accounts for the receipts and disbursements activity related to the services provided on behalf of the Bureau for Children With Medical Handicaps.

Swimming Pool Fund – accounts for the receipts and disbursements activity relating to the issuance of swimming pool licenses throughout the County.

D. Budgetary Process

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

Appropriations

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

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

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.

Hamilton County General Health District

Notes to the Financial Statements

E. 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.

F. Unpaid Vacation and Sick Leave

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

2. Equity in Pooled Cash and Investments

The Hamilton County Treasurer maintains a cash and investment pool of County funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amounts of cash on deposit with the County Treasurer was \$1,438,268 and \$1,331,243 at December 31, 1999 and 1998, respectively. The Hamilton County Treasurer, as the ultimate fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

Hamilton County General Health District
Notes to the Financial Statements

3. Budgetary Activity

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

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 2,773,427	\$ 2,799,766	\$ 26,339
Special Revenue	828,284	853,043	24,759
Total	<u>\$ 3,601,711</u>	<u>\$ 3,652,809</u>	<u>\$ 51,098</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,959,853	\$ 2,657,176	\$ 302,677
Special Revenue	962,887	888,608	74,279
Total	<u>\$ 3,922,740</u>	<u>\$ 3,545,784</u>	<u>\$ 376,956</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 2,539,347	\$ 2,517,966	\$ (21,381)
Special Revenue	786,314	811,629	25,315
Total	<u>\$ 3,325,661</u>	<u>\$ 3,329,595</u>	<u>\$ 3,934</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,850,665	\$ 2,529,500	\$ 321,165
Special Revenue	825,245	783,122	42,123
Total	<u>\$ 3,675,910</u>	<u>\$ 3,312,622</u>	<u>\$ 363,288</u>

Hamilton County General Health District

Notes to the Financial Statements

4. Benefit Plans

District employees are employees of the County and, therefore, are covered by the following benefit plans:

A. Deferred Compensation Plan

Employees of the County may elect to participate in a deferred compensation plan administered by one of the following: (1) The Ohio Public Employees Deferred Compensation Plan; (2) The Aetna Life Insurance Company, Inc.; or (3) The County Commissioners Association of Ohio. Under these plans, employees can defer up to 25% of their annual salary, not to exceed \$7,500 per year, until a future time, usually after retirement. The deferred amounts, as well as any income related to the deferral, are not subject to federal or state income tax until actually received by the employee. Assets of the aforementioned plans were placed in a trust for the exclusive benefit of the participants and beneficiaries during 1999.

B. Employee Retirement Systems and Plans

All County employees are covered by one of three pension systems. These are the Public Employees Retirement System (PERS), the State Teachers Retirement System (STRS), which are State pension systems, and the City of Cincinnati Retirement System (CRS), a municipal pension plan. All District employees are covered by PERS. County employees hired after April 1, 1986, are also covered under the Federal Social Security Act for the Medicare portion only.

PERS is a cost sharing, multiple employer, defined benefit, public employee retirement system. It provides retirement, disability, and death benefits to plan members and beneficiaries. PERS also provides health care benefits to vested retirees. Benefits provided under PERS are established by the Ohio Revised Code.

PERS issues separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, telephone number 614-466-2085.

The Ohio Revised Code provides PERS statutory authority for employee and employer institutions. The required, actuarially determined contribution rates for the County and for employees are 13.55% and 8.50%, respectively.

C. Other Postemployment Benefits (OPEB)

In addition to the pension benefits described above, PERS provides postretirement health care coverage, commonly referred to as OPEB (other postemployment benefits). The Ohio Revised Code provides the authority for public employers to fund postretirement health care through their contributions under PERS.

Hamilton County General Health District

Notes to the Financial Statements

PERS provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying State service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients and primary survivor recipients is available. The 1999 employer contribution rate for non-law enforcement County employees was 13.55%, of which 4.2% was used to fund health care.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were approximately \$524 million. At December 31, 1999, the unaudited estimated net assets available for future OPEB payments were approximately \$9,870 million. At December 31, 1999, benefit recipients eligible for OPEB were 118,062.

**Report of Independent Accountants on Compliance
and on Internal Control Over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Hamilton County General Health District
County of Hamilton, Ohio
250 W. Howard Taft, 2nd Floor
Cincinnati, Ohio 45219

We have audited the financial statements of the Hamilton County General Health District, County of Hamilton, Ohio, (the “District”), at and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 25, 2000. 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 of America.

Compliance

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

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 amount that would be

material in relation to the financial statement 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.

This report is intended solely for the information and use of the District's Executive Committee, management, the Board of Commissioners, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

July 25, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HAMILTON COUNTY GENERAL HEALTH DISTRICT

HAMILTON 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
DECEMBER 5, 2000**