

Hamilton County
General Health District
Report on Audit of Financial Statements
for the Years Ended December 31, 2001 and 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Hamilton County General Health District
250 W. Howard Taft, 2nd Floor
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We have reviewed the Independent Auditor's Report of the Hamilton County General Health District, prepared by PricewaterhouseCoopers LLP, for the audit period January 1, 2000 through December 31, 2001. 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 1, 2002

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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, 2001 and 2000. 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 cash receipts and disbursements, 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, 2001 and 2000, 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 24, 2002, 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.

Princeton

June 24, 2002

**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, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Intergovernmental	\$ 325,988	\$ -	\$ 325,988
Charges for services	815,026	111,794	926,820
Fines, licenses and permits	1,651,491	1,039,798	2,691,289
Miscellaneous	<u>53,477</u>	<u>22,450</u>	<u>75,927</u>
Total cash receipts	<u>2,845,982</u>	<u>1,174,042</u>	<u>4,020,024</u>
Cash disbursements:			
Salaries	1,870,131	606,398	2,476,529
Benefits	493,169	135,534	628,703
Travel and mileage	91,658	23,414	115,072
Office supplies	62,683	6,710	69,393
Furniture and equipment	49,345	1,150	50,495
Repair and maintenance	10,569	-	10,569
Contract services	252,952	818	253,770
State and other agency fees	80,858	220,198	301,056
Other expenditures	<u>114,781</u>	<u>9,280</u>	<u>124,061</u>
Total cash disbursements	<u>3,026,146</u>	<u>1,003,502</u>	<u>4,029,648</u>
(Deficit) excess of cash receipts over cash disbursements	(180,164)	170,540	(9,624)
Fund cash balances at January 1, 2001	<u>1,055,104</u>	<u>226,391</u>	<u>1,281,495</u>
Fund cash balances at December 31, 2001	<u>874,940</u>	<u>396,931</u>	<u>1,271,871</u>
Reserve for encumbrances at December 31, 2001	<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, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Intergovernmental	\$ 297,009	\$ -	\$ 297,009
Charges for services	892,715	85,348	978,063
Fines, licenses and permits	1,677,320	747,766	2,425,086
Miscellaneous	<u>12,566</u>	<u>13,100</u>	<u>25,666</u>
Total cash receipts	<u>2,879,610</u>	<u>846,214</u>	<u>3,725,824</u>
Cash disbursements:			
Salaries	1,805,944	542,060	2,348,004
Benefits	409,891	106,930	516,821
Travel and mileage	111,747	-	111,747
Office supplies	67,798	-	67,798
Furniture and equipment	290,597	308	290,905
Repair and maintenance	9,680	-	9,680
Contract services	196,894	-	196,894
State and other agency fees	76,174	112,791	188,965
Other expenditures	<u>151,783</u>	<u>-</u>	<u>151,783</u>
Total cash disbursements	<u>3,120,508</u>	<u>762,089</u>	<u>3,882,597</u>
(Deficit) excess of cash receipts over cash disbursements	(240,898)	84,125	(156,773)
Fund cash balances at January 1, 2000	<u>1,296,002</u>	<u>142,266</u>	<u>1,438,268</u>
Fund cash balances at December 31, 2000	<u>1,055,104</u>	<u>226,391</u>	<u>1,281,495</u>
Reserve for encumbrances at December 31, 2000	<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 were prepared on the cash 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.

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:

F.S.O. & Vending Fund – accounts for the receipts and disbursements activity relating to the issuance of food service licenses throughout the County of Hamilton (the “County”).

Solid Waste Fund – accounts for the receipts and disbursements activity related to issuance of landfill licenses throughout the County.

Construction & Demolition Debris Fund – accounts for the receipts and disbursements activity relating to inspection fees and the issuance of construction licenses and permits throughout 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.

Hamilton County General Health District

Notes to the Financial Statements

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.

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.

E. 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 basis of accounting used by the District.

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 \$1,271,871 and \$1,281,495 at December 31, 2001 and 2000, 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 presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,048,893	\$ 2,845,982	\$ 202,911
Special Revenue	1,178,527	1,174,042	4,485
Total	<u>\$ 4,227,420</u>	<u>\$ 4,020,024</u>	<u>\$ 207,396</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,441,357	\$ 3,026,146	\$ 415,211
Special Revenue	1,139,310	1,003,502	135,808
Total	<u>\$ 4,580,667</u>	<u>\$ 4,029,648</u>	<u>\$ 551,019</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,905,034	\$ 2,879,610	\$ 25,424
Special Revenue	875,111	846,214	28,897
Total	<u>\$ 3,780,145</u>	<u>\$ 3,725,824</u>	<u>\$ 54,321</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,608,862	\$ 3,120,508	\$ 488,354
Special Revenue	954,593	762,089	192,504
Total	<u>\$ 4,563,455</u>	<u>\$ 3,882,597</u>	<u>\$ 680,858</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 \$8,500 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 2001 employer contribution rate for non-law enforcement County employees was 13.55%, of which 4.3% 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.

**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, 2001 and 2000, and have issued our report thereon dated June 24, 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 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

June 24, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
AUGUST 22, 2002**