

Lennon & Company

Certified Public Accountant

Wayne County General Health District
Independent Auditor's Report
For the Year Ended December 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of the Board
Wayne County General Health District
203 South Walnut Street
Wooster, Ohio 44691

We have reviewed the Independent Auditor's Report of the Wayne County General Health District, Wayne County, prepared by Lennon & Company, Inc., for the audit period January 1, 2001 to 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 Wayne 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 6, 2002

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**WAYNE COUNTY
GENERAL HEALTH DISTRICT**

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Health
Wayne County General Health District
203 South Walnut Street
Wooster, Ohio 44691

We have audited the accompanying financial statements of Wayne County General Health District, (the District) as of and for the year ended December 31, 2001, as listed in the table of contents. 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 described in Note 1, the District prepares its financial statements on a basis prescribed 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 encumbrances of the District, as of December 31, 2001, and the 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 July 31, 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.

This report is intended solely for the information and use of the Board of Health, management, and other officials authorized to receive this report under section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



LENNON & COMPANY, INC.
Certified Public Accountant
July 31, 2002

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**GENERAL HEALTH DISTRICT
WAYNE 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:			
Property Tax Subsidy	\$ 481,158	\$ -	\$ 481,158
Intergovernmental	106,288	312,106	418,394
Licenses, Permits and Fees	249,160	554,642	803,802
Reimbursements	24,915	3,690	28,605
Other	16,959	15,629	32,588
	<u>878,480</u>	<u>886,067</u>	<u>1,764,547</u>
Total Cash Receipts			
Cash Disbursements:			
Current			
Salaries and Fringe Benefits	573,403	675,524	1,248,927
Supplies	61,079	38,977	100,056
Remittance to State	18,825	27,722	46,547
Contractual Services	26,648	14,867	41,515
Travel and Expenses	11,015	15,572	26,587
Advertising and Printing	-	10,929	10,929
Insurance	33,958	1,411	35,369
Utilities	27,192	12,315	39,507
Other	81,692	40,223	121,915
Capital Outlay	11,392	6,897	18,289
	<u>845,204</u>	<u>844,437</u>	<u>1,689,641</u>
Total Cash Disbursements			
Total Cash Receipts Over (Under) Cash Disbursements	<u>33,276</u>	<u>41,630</u>	<u>74,906</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	3,593	-	3,593
Advances-In	55,699	81,749	137,448
Transfers-Out	-	(3,593)	(3,593)
Advances-Out	(72,229)	(65,219)	(137,448)
	<u>(12,937)</u>	<u>12,937</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	20,339	54,567	74,906
Fund Cash Balances, January 1	<u>218,434</u>	<u>194,463</u>	<u>412,897</u>
Fund Cash Balances, December 31	<u>\$ 238,773</u>	<u>\$ 249,030</u>	<u>\$ 487,803</u>
Reserves for Encumbrances, December 31	<u>\$ 28,885</u>	<u>\$ 23,157</u>	<u>\$ 52,042</u>

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

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**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The General Health District, Wayne 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 nine member board appointed by the District Advisory Council, which is composed of publicly elected officials from the governmental subdivisions within the District, and an appointed health commissioner and an executive director. The District provides general governmental services, including health services relative to communicable disease investigations, immunization clinics, tuberculosis screening, home nursing visits and various licenses and permits, including inspections, birth and death certificates and related services. As health districts are structured in Ohio, the County Auditor and County Treasurer serve as fiscal officer and custodian of funds for the District, respectively. As fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments. As the custodian of public funds, the County Treasurer invests District monies held on deposit in the County Treasury. The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

The District prepares its financial statements on a basis prescribed by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. 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 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 required to be accounted for in another fund.

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:

Food Service Fund - This fund is used to account for food service licenses issued.

Special Supplement Food Program for Women, Infants, and Children Fund - This fund receives Federal Grant monies to fund nutritional training and to provide information on dietary supplements.

**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

Although the District is not subject to budgetary provisions of the Ohio Revised Code, an appropriation measure is adopted by the District on or before the first Monday in April of each year for the period January 1 to December 31 of the following year. The appropriation measure, together with the itemized estimate of the sources of revenue available to the District for the next fiscal year, is submitted to the County Auditor who in turn submits it to the County Budget Commission. The District includes transfers in and out when they prepare their budgets.

The County Budget Commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate amount of all the items in the appropriation measure.

The appropriation measure, as amended by the County Budget Commission, controls expenditures by the District for the period January 1 to December 31 of the following year. Budgetary expenditures (that is, disbursements plus encumbrances) may not exceed appropriations at the fund and function level of control and appropriations may not exceed estimated resources. The District may, by resolution, transfer funds from one item, create new items, and make additional appropriations, subject to the availability of funds and to the approval of the County Budget Commission.

Encumbrances

The District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. Encumbrances are purchase orders, contracts, and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis to reserve that portion of the applicable appropriation and to determine and maintain compliance with the District policy.

A summary of 2001 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

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

**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

2. EQUITY IN POOLED CASH

The Wayne County Auditor serves as fiscal agent for the District, and the Wayne County Treasurer maintains a cash pool used by all County Funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2001, was \$487,803, which was insured by the Federal Depository Insurance Corporation or collateralized by a collateral pool of securities maintained by the financial institution for all its public entity deposits.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 937,773	\$ 937,773	\$ -
Special Revenue	967,816	967,816	-
	\$ 1,905,589	\$ 1,905,589	\$ -

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,031,814	\$ 946,317	\$ 85,497
Special Revenue	1,076,052	936,405	139,647
	\$ 2,107,866	\$ 1,882,722	\$ 225,144

4. PROPERTY TAX SUBSIDY

The Wayne County Budget Commission determines and allocates a Health Subsidy to the District from the participating subdivisions based upon the expenditures and carryover balance of the District. The District has no specific tax levies.

The County distributes this allocation to the District semiannually.

5. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Rev. Code. For 2001, members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. PERS contributions are processed by the Wayne County Auditor. The District has paid all contributions required through December 31, 2001.

**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property
- Vehicles (through the Wayne County Commissioners)
- Commercial inland marine
- Public officials' liability

The District is also a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk up to the limits of the District's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability
- Employee benefits liability

The real property and contents are 80% coinsured with a \$1,000 deductible. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three 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.

8. PENDING LITIGATION

The District is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of this matter will not significantly affect the District's financial condition.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Health
Wayne County General Health District
203 South Walnut Street
Wooster, Ohio 44691

We have audited the financial statements of Wayne County General Health District as of and for the year ended December 31, 2001, and have issued our report thereon dated July 31, 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 Wayne County General Health 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 Wayne County General Health 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.

This report is intended for the information and use of management and the Board of Health and is not intended to be and should not be used by anyone other than these specified parties.



LENNON & COMPANY, INC.
Certified Public Accountant
July 31, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WAYNE COUNTY GENERAL HEALTH DISTRICT

WAYNE 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**