



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

General Health District
Auglaize County
214 South Wagner Street
Wapakoneta, Ohio 45895

To the Members of the Board:

We have audited the accompanying financial statements of the General Health District, Auglaize County, (the District) as of and for the year ended December 31, 1999. 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 generally accepted auditing standards 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, Auglaize County, as of December 31, 1999, and its 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 March 1, 2000 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.

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.

JIM PETRO
Auditor of State

March 1, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency Fund</u>	
Cash Receipts:				
State Funds	\$15,729	\$17,430	\$0	\$33,159
Federal Funds	0	277,645	0	277,645
Tax Levies	620,189	0	0	620,189
Subdivisions	3,553	0	0	3,553
Inspection Fees	36,393	0	0	36,393
Licenses and Permits	20,703	62,997	0	83,700
Fees	119,291	29,578	0	148,869
Contractual Services	35,090	56,642	0	91,732
Other Receipts	7,959	90	0	8,049
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	858,907	444,382	0	1,303,289
Cash Disbursements:				
Current:				
Salaries	335,754	81,476	0	417,230
Supplies	44,848	78	0	44,926
Equipment	19,694	0	0	19,694
State Remittance	7,035	6,060	0	13,095
Contracts Services	20,306	2,550	0	22,856
Fees	0	2,791	0	2,791
Rentals	82,501	0	0	82,501
Advertising and Printing	3,871	0	0	3,871
Travel Expenses	28,060	0	0	28,060
Public Employee's Retirement	55,888	0	0	55,888
Worker's Compensation	10,487	0	0	10,487
Medicare and Health Insurance	134,315	0	0	134,315
Other Disbursements	8,815	0	0	8,815
Project Fund Disbursements	0	441,725	0	441,725
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	751,574	534,680	0	1,286,254
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	107,333	(90,298)	0	17,035
Other Financing Receipts/(Disbursements):				
Transfers-In	0	62,100	0	62,100
Transfers-Out	(62,100)	0	0	(62,100)
Reimbursements	17,684	24,242	0	41,926
Other Disbursements	0	0	(12,467)	(12,467)
Other Receipts	34,653	30	11,377	46,060
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(9,763)	86,372	(1,090)	75,519
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	97,570	(3,926)	(1,090)	92,554
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	479,915	84,455	3,071	567,441
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$577,485	\$80,529	\$1,981	\$659,995
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$21,465	\$4,447	\$0	\$25,912

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

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The General Health District, Auglaize 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. District services include: recording of vital statistics, inspection of food service facilities, water wells, sewers, and public health nursing services and they act upon various complaints made to the Department concerning the health and welfare of the County.

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 District's cash is held and invested by the Auglaize County Treasurer, who acts as custodian for District monies. 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:

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.

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:

WIC Fund - This fund accounts for the activity of the Women, Infants, and Children's federal grant program.

Family Plan Fund - This fund accounts for all of the activity of the Family Planning federal grant program.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Fund (Agency Fund)

This fund is used to account for resources for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

Flexible Spending Account - Employees can request that certain amounts be deducted from their pay to be used for future un-reimbursed medical expenses.

E. Budgetary Process

Appropriations

Appropriation measures are passed to control budgetary expenditures (that is, disbursements and encumbrances) at the fund, function or object level of control. The Board 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 approves estimated resources.

Encumbrances

The District uses the encumbrance method of accounting, reserving (encumbering) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 1999 budgetary activity appears in Note 3.

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. 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 Auglaize County Auditor acts as fiscal agent for the District and the County Treasurer maintains a cash and investment pool used by all funds. At year-end, the carrying amount of the District's deposits with the County Treasury was \$658,014. The District maintains a separate checking account for its flexible spending plan. At year-end, the carrying amount was \$1,981, which is insured by the Federal Deposit Insurance Corporation.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$877,293	\$911,244	\$33,951
Special Revenue	531,850	530,754	(1,096)
Total	\$1,409,143	\$1,441,998	\$32,855

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$918,580	\$835,139	\$83,441
Special Revenue	614,786	539,127	75,659
Total	\$1,533,366	\$1,374,266	\$159,100

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as levies. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. RETIREMENT SYSTEMS

The District's 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 post-retirement 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 1999, 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, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

6. RISK MANAGEMENT

A. Property and Liability

The District has obtained commercial insurance for property damage and public dishonesty.

The District is also a member of the Ohio Public Entities Pool (the Pool). The Pool assumes the risk of loss 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
- Stop Gap Liability
- Legal Liability Real Property
- Employee Benefit Liability
- Premises Medical Pay
- Special Events Liability
- Professional Liability
- Errors and Omissions
- Underground Gasoline/Fuel

B. Employee Medical Benefits

The District has established a medical self-insurance program to account for and finance its uninsured risks of loss. Under this program, the medical self-insurance plan provides coverage for up to a maximum of \$7,500 for each individual, with a \$1,000,000 aggregate over the employee's life. The District purchased commercial insurance for claims in excess of coverage provided by the plan and for all other risks of loss. Settled claims have exceeded the plan's coverage in the last year due to an employee's illness; however, these claims have not exceeded the stop loss coverage. Excess costs have been reimbursed by stop-loss insurance coverage. The District does not anticipate being responsible for any costs that exceed the stop-loss insurance coverage.

All funds of the District participate in the program and make payments to the medical self insurance program based upon actuarial estimates of the amounts needed to pay prior and current-year claims.

7. CONTRACTUAL OBLIGATIONS

The District is a party to a fifteen year lease for rental of office space. This lease was effective August 1, 1997 and terminates July 31, 2012. This lease requires the District to remit monthly payments on the first day of each month. The lease payment was fixed for the first ten years at \$5,000 per month. At the end of the first ten years, the lease rental payments increase to \$6,000 per month and will remain fixed through the remaining term of the lease.

8. GRANTS

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 1999.



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

General Health District
Auglaize County
214 South Wagner Street
Wapakoneta, Ohio 45895

To the Members of the Board:

We have audited the accompanying financial statements of General Health District, Auglaize County, (the District), as of and for the year ended December 31, 1999, and have issued our report thereon dated March 1, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 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 the audit committee, management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 1, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GENERAL HEALTH DISTRICT

AUGLAIZE 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
MAY 4, 2000**