



**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Henry County/Napoleon City  
Combined General Health District  
Henry County  
104 East Washington Street, Suite 302  
Napoleon, Ohio 43545-1660

To the Board:

We have audited the accompanying financial statements of Henry County/Napoleon City Combined General Health District (the Health District) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Health 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 Health 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 cash and fund cash balances of the Henry County/Napoleon City Combined General Health District, Henry County, as of December 31, 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, 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 August 8, 2001 on our consideration of the Health 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.

Henry County/Napoleon City  
Combined General Health District  
Henry County  
Report of Independent Accountants  
Page 2

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

August 8, 2001

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**COMBINED STATEMENT OF CASH AND  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
AS OF DECEMBER 31, 2000**

**POOLED CASH**

<b>Cash (Held in Henry County Treasury)</b>	<b><u><u>\$553,288</u></u></b>
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**CASH BALANCES BY FUND TYPE**

<b>Governmental Fund Type:</b>	
General Fund	\$187,341
Special Revenue Fund	<u>365,947</u>
<b>Total</b>	<b><u><u>\$553,288</u></u></b>

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

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals Memorandum Only</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Receipts:</b>			
Taxes	\$388,055	\$1,056	\$389,111
License and Permits	73,300		73,300
Intergovernmental Revenue	130,670	238,055	368,725
Fees	74,414	12,261	86,675
Medicare/Medicaid Reimbursements		387,166	387,166
Other Receipts	23,630	116,898	140,528
<b>Total Receipts</b>	<b>690,069</b>	<b>755,436</b>	<b>1,445,505</b>
<b>Disbursements:</b>			
Salaries - Employees	299,143	473,612	772,755
Supplies	28,817	57,277	86,094
Equipment	25,210	4,937	30,147
Life Insurance	598		598
Contracts - Services	21,253	121,163	142,416
Rentals	7,266	12,654	19,920
Travel and Expenses	10,951	27,842	38,793
Tax Settlement Fees	9,759		9,759
Advertising and Printing	3,899	12,970	16,869
Public Employee's Retirement	35,050	58,478	93,528
Worker's Compensation	914	1,600	2,514
Medicare	3,059	5,777	8,836
Other Expenses	224,288	98,693	322,981
<b>Total Disbursements</b>	<b>670,207</b>	<b>875,003</b>	<b>1,545,210</b>
Excess of Receipts Over (Under) Disbursements	19,862	(119,567)	(99,705)
<b>Other Financing Sources and (Uses):</b>			
Reimbursements	9,475		9,475
Transfers-In		79,336	79,336
Transfers-Out	(65,000)	(14,336)	(79,336)
<b>Total Other Financing Sources (Uses)</b>	<b>(55,525)</b>	<b>65,000</b>	<b>9,475</b>
Excess of Disbursements and Other Financing Uses Over Receipts and Other Financing Sources	(35,663)	(54,567)	(90,230)
Fund Cash Balances at January 1, 2000	223,004	420,514	643,518
<b>Fund Cash Balances at December 31, 2000</b>	<b>\$187,341</b>	<b>\$365,947</b>	<b>\$553,288</b>

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



**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Governmental Fund Type:</b>			
General Fund	\$849,100	\$699,544	(\$149,556)
Special Revenue Funds	1,156,331	834,772	(321,559)
<b>Totals (Memorandum Only)</b>	<b>\$2,005,431</b>	<b>\$1,534,316</b>	<b>(\$471,115)</b>

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

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Prior Year Carryover Appropriations</u>	<u>2000 Appropriations</u>
<b>Governmental Fund Type:</b>		
General Fund	\$4,820	\$849,100
Special Revenue Funds	<u>18,024</u>	<u>1,156,331</u>
<b>Totals (Memorandum Only)</b>	<u><u>\$22,844</u></u>	<u><u>\$2,005,431</u></u>

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

<u>Total</u>	<u>Actual 2000 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/00</u>	<u>Total</u>	<u>Variance: Favorable (Unfavorable)</u>
\$853,920	\$735,207	\$12,000	\$747,207	\$106,713
1,174,355	889,339	25,650	914,989	259,366
<b><u>\$2,028,275</u></b>	<b><u>\$1,624,546</u></b>	<b><u>\$37,650</u></b>	<b><u>\$1,662,196</u></b>	<b><u>\$366,079</u></b>

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**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(As Required by Various Statutes)

**A. Description of the Entity**

The Henry County/Napoleon City Combined General Health District, Henry County, is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Henry County/Napoleon City Combined General Health District is created under 3709.01, Ohio Revised Code. The District operates under the direction of a seven member board, appointed by the District Advisory Counsel. An appointed health commissioner is responsible for administering the laws relating to health and sanitation in the county. Services provided by the District include recording of vital statistics, inspection of food service facilities, water wells, sewers, campgrounds, trailer parks, public health and home nursing services, and they act upon various complaints made to the department concerning the health and welfare of the County.

The District maintains direct fiscal control over the funds as maintained by the Henry County Treasurer with the Henry County Auditor serving as fiscal officer.

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. Fund Accounting**

The Henry County/Napoleon City Combined General Health District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(As Required by Various Statutes)

**C. Fund Accounting (Continued)**

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

**D. 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. 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. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

**E. Property, Plant and Equipment**

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these items.

**F. Accumulated Unpaid Vacation and Sick Pay**

Accumulated unpaid vacation and sick pay are not accrued under the cash basis of accounting described in Note 1B. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of December 31, 2000.

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(As Required by Various Statutes)

**G. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. POOLED CASH**

The County Treasurer is mandated to maintain a cash pool to be utilized by all funds of the District. Each fund type's portion of this pool is displayed on the Statement of Cash and Fund Cash Balances as "Cash (Held in Henry County Treasury)."

**Deposits**

At year-end, the carrying amount of the District's deposits was \$553,288 and the bank balance as reported by Henry County was \$553,288. Because the District's deposits are commingled with Henry County's deposits, it was not feasible to determine the manner in which the District's deposits were secured. The extent of Henry County's collateralization of funds is disclosed in its audit report for the year ended December 31, 2000.

**3. INSURANCE**

Real property and contents as well as bodily injury claims are insured by the Henry County Commissioners as the County owns and maintains the building where the District offices are located. The District does maintain comprehensive coverage for vehicles as well as various other insurance needs as disclosed in Note 6 to the financial statements.

**4. EMPLOYEES RETIREMENT SYSTEMS**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing multiple-employer public retirement system. All employees of the District are members of PERS. PERS provides retirement benefits to employees who are eligible to retire based upon years of service. PERS provides survivor and disability benefits to vested employees.

Employees contribute 8.5 percent of gross salary. The employer matching share is 10.84 percent of gross salary. The pension contribution requirement for the District for the year ended December 31, 2000 was \$149,451 which consisted of \$65,684 from the employees and \$83,767 from the employer. The required percentages for employer and employee contributions for the 2001 fiscal year will be unchanged.

**5. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1999.

**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**5. PROPERTY TAX (Continued)**

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established. The full tax rate applied to real property for the fiscal year ended December 31, 2000 was \$1.00 per \$1,000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$.645 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$.996 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amounts of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2000, was \$1.00 per \$1,000 of assessed valuation.

Real Property - 1999	
Residential/Agricultural	\$332,112,610
Commercial/Industrial	43,723,770
Public Utilities	533,150
Tangible Personal Property - 2000 Valuation	
General	86,449,173
Public Utilities	<u>37,995,030</u>
Total Valuation	<u>\$500,813,733</u>

The County Treasurer collects property tax on behalf of all taxing districts within the county. The County Auditor periodically remits to the taxing districts their portions of the tax collected.

**6. RISK POOL MEMBERSHIP**

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Insurance**

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.



**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**6. RISK POOL MEMBERSHIP (Continued)**

**Casualty Insurance (Continued)**

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Insurance**

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$17,112,129	\$15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained earnings	<u>\$9,397,094</u>	<u>\$8,658,846</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$1,575,614	\$1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained earnings	<u>\$1,294,053</u>	<u>\$838,351</u>

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

Henry County/Napoleon City  
Combined General Health District  
Henry County  
104 East Washington Street, Suite 302  
Napoleon, Ohio 43545-1660

To the Board:

We have audited the financial statements of Henry County/Napoleon City Combined General Health District as of and for the year ended December 31, 2000, and have issued our report thereon dated August 8, 2001. 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 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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated August 8, 2001.

Henry County/Napoleon City  
Combined General Health District  
Henry County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information 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

August 8, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HENRY COUNTY/NAPOLEON CITY COMBINED GENERAL HEALTH DISTRICT**

**HENRY 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 28, 2001**