



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Henry County/Napoleon City
Combined General Health District
Henry County
104 E. Washington Street, Suite 302
Napoleon, OH 43545-1660

To Members of the Board:

We have audited the accompanying financial statements of the Henry County/Napoleon City Combined General Health District (the District) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Department'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 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 of the Henry County/Napoleon City Combined General Health District as of December 31, 2002, 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 May 1, 2003 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.

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Combined General Health District
Henry County
Independent Accountants' Report
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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 1, 2003

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

**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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Taxes	\$353,857			\$353,857
Intergovernmental	151,752	\$156,072		307,824
Licenses and Permits	100,757			100,757
Fees	90,242	48,983		139,225
Medicare/Medicaid Reimbursements		635,179		635,179
Other receipts	20,525	127,565		148,090
Total Cash Receipts	<u>717,133</u>	<u>967,799</u>		<u>1,684,932</u>
Cash Disbursements:				
Salaries	333,826	383,062		716,888
Supplies	47,459	48,840		96,299
Equipment	5,215	10,234		15,449
Life Insurance	506			506
Contracts - Services	22,296	109,633		131,929
Rentals	18,880	17,489		36,369
Travel	13,080	17,175		30,255
Tax Settlement Fees	9,615			9,615
Advertising and printing	3,714	6,353		10,067
Public employee's retirement	44,421	50,112		94,533
Worker's compensation	1,775	2,128		3,903
Medicare	4,453	5,075		9,528
Other	230,419	88,204		318,623
Total Cash Disbursements	<u>735,659</u>	<u>738,305</u>		<u>1,473,964</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(18,526)</u>	<u>229,494</u>		<u>210,968</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		35,000		35,000
Transfers-Out	(35,000)			(35,000)
Other Uses			(\$36,663)	(36,663)
Total Other Financing Receipts/(Disbursements)	<u>(35,000)</u>	<u>35,000</u>	<u>(36,663)</u>	<u>(36,663)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(53,526)</u>	<u>264,494</u>	<u>(36,663)</u>	<u>174,305</u>
Fund Cash Balances, January 1	<u>307,934</u>	<u>441,568</u>	<u>36,663</u>	<u>786,165</u>
Fund Cash Balances, December 31	<u>\$254,408</u>	<u>\$706,062</u>		<u>\$960,470</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Henry County/Napoleon City Combined General Health District (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 seven-member Board and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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 County Treasurer is custodian for the District's cash. 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:

1. General Fund

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

2. 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:

Home Health Agency Fund - This fund receives Medicare/Medicaid Reimbursements and fees for providing home nursing services to elderly and homebound persons.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

Hospice Fund – This fund receives Medicare/Medicaid Reimbursements and fees for providing home nursing services for the terminally ill.

3. Fiduciary Funds (Agency Funds)

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

Wellness Block Fund – The District acts as fiscal agent to the Family and Children First Council This fund's December 31, 2001 residual balance was transferred to the Family and Children First Council Restricted Fund.

E. 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 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 and amendments thereto. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 budgetary activity appears in Note 2.

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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under District's basis of accounting.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$893,280	\$717,133	(\$176,147)
Special Revenue	989,982	1,002,799	12,817
Total	\$1,883,262	\$1,719,932	(\$163,330)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$893,280	\$770,659	\$122,621
Special Revenue	989,982	738,305	251,677
Total	\$1,883,262	\$1,508,964	\$374,298

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in intergovernmental receipts in the financial statements.

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2002, members of OPERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2002. The District has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

Risk Pool Membership

The District belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. The Pool assumes the risk of loss up to the limits of the District's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

- General liability and casualty.
- Public official's liability.
- Vehicle.

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$19,358,458	\$17,112,129
Liabilities	<u>(8,827,588)</u>	<u>(7,715,035)</u>
Retained earnings	<u>\$10,532,871</u>	<u>\$9,399,094</u>



**Auditor of State
Betty Montgomery**

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

Henry County/Napoleon City
Combined General Health District
Henry County
104 E. Washington Street, Suite 302
Napoleon, OH 43545-1660

To Members of the Board:

We have audited the accompanying financial statements of Henry County/Napoleon City Combined General Health District (the District) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 1, 2003. We conducted our audit in accordance with auditing standards generally accepted by 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 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 1, 2003.

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Henry County/Napoleon City
Combined General Health District
Henry County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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Betty Montgomery
Auditor of State

May 1, 2003



**Auditor of State
Betty Montgomery**

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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
JUNE 5, 2003**