



**Auditor of State
Betty Montgomery**

HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Highland County General Health District
Highland County
200 Hobart Drive
Hillsboro, Ohio 45133

To Members of the Board:

We have audited the accompanying financial statements of Highland County General Health District, Highland County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001. 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 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 Highland County General Health District as of December 31, 2002 and 2001, 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 10, 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.

This report is intended solely for the information and use of , management, the Board 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.

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Betty Montgomery
Auditor of State

June 10, 2003

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL 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>Capital Projects</u>	
Cash Receipts:				
Taxes	\$356,025			\$356,025
Subdivisions	95,347			95,347
Licenses, Permits, and Fees	217,799	\$99,097		316,896
Intergovernmental	49,118			49,118
Contract Services	37,925			37,925
Miscellaneous	<u>126,840</u>	<u>2,542</u>	_____	<u>129,382</u>
 Total Cash Receipts	 <u>883,054</u>	 <u>101,639</u>	 <u>\$0</u>	 <u>984,693</u>
Cash Disbursements:				
Public Health Services:				
Salaries and Benefits	398,594	61,677		460,271
Supplies and Materials	36,677	653		37,330
Equipment	27,153			27,153
Contractual Services	4,959			4,959
Travel Expenses	21,950	3,405		25,355
Advertising	2,751			2,751
Remittances to State	75,033	10,124		85,157
Miscellaneous	<u>234,773</u>	<u>9,414</u>		<u>244,187</u>
 Total Disbursements	 <u>801,890</u>	 <u>85,273</u>	 <u>0</u>	 <u>887,163</u>
 Total Receipts Over/(Under) Disbursements	 <u>81,164</u>	 <u>16,366</u>	 <u>0</u>	 <u>97,530</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			77,000	77,000
Transfers-Out	<u>(77,000)</u>	_____	_____	<u>(77,000)</u>
 Total Other Financing Receipts/(Disbursements)	 <u>(77,000)</u>	 <u>0</u>	 <u>77,000</u>	 <u>0</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 4,164	 16,366	 77,000	 97,530
 Fund Cash Balances, January 1	 <u>179,550</u>	 <u>24,056</u>	 <u>0</u>	 <u>203,606</u>
 Fund Cash Balances, December 31	 <u>\$183,714</u>	 <u>\$40,422</u>	 <u>\$77,000</u>	 <u>\$301,136</u>
 Reserves for Encumbrances, December 31	 <u>\$8,980</u>	 <u>\$232</u>	 <u>\$0</u>	 <u>\$9,212</u>

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

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND 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
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Taxes	\$348,925		\$348,925
Subdivisions	93,275		93,275
Licenses, Permits, and Fees	206,239	\$103,009	309,248
Intergovernmental	48,621		48,621
Contract Services	28,417		28,417
Miscellaneous	<u>64,366</u>	<u>2,858</u>	<u>67,224</u>
Total Cash Receipts	<u>789,843</u>	<u>105,867</u>	<u>895,710</u>
Cash Disbursements:			
Salaries and Benefits	381,628	67,392	449,020
Supplies and Materials	35,809		35,809
Equipment	4,062		4,062
Contractual Services	7,100		7,100
Travel Expenses	21,248	4,888	26,136
Advertising	1,594		1,594
Remittances to State	70,275	16,802	87,077
Miscellaneous	<u>137,268</u>	<u>12,917</u>	<u>150,185</u>
Total Disbursements	<u>658,984</u>	<u>101,999</u>	<u>760,983</u>
Total Receipts Over Disbursements	130,859	3,868	134,727
Fund Cash Balances, January 1	<u>48,691</u>	<u>20,188</u>	<u>68,879</u>
Fund Cash Balances, December 31	<u>\$179,550</u>	<u>\$24,056</u>	<u>\$203,606</u>
Reserves for Encumbrances, December 31	<u>\$2,591</u>	<u>\$353</u>	<u>\$2,944</u>

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

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Highland County General Health District, Highland County, Ohio (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 six-member Board selected by the Highland County Health District Advisory Council which consists of representatives of the Villages, Townships, and Highland County Commissioners. The District provides general health services to Highland 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 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:

Public Home Nursing Services (PHNF) Fund

This fund receives fees for providing home nursing services to elderly and homebound persons.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Food Service (Restaurant) Fund

This fund receives monies from licenses and fees to provide for monitoring of restaurants operating in Highland County.

Private Water System Fund

This fund receives monies from permits and fees to provide for monitoring water systems in Highland County.

Trailer Park Fund

This fund receives fees to provide for monitoring of trailer parks in Highland County.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The District had the following Capital Projects Fund:

Capital Improvement Fund

This fund received a transfer from the General Fund for construction of a new building.

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 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 and amendments thereto. 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.

3. 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.

A summary of 2002 and 2001 budgetary activity appears in Note 2.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$879,710	\$883,054	\$3,344
Special Revenue	100,332	101,639	1,307
Capital Projects	77,000	77,000	0
Total	\$1,057,042	\$1,061,693	\$4,651

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$905,168	\$878,890	\$26,278
Special Revenue	123,075	85,273	37,802
Capital Projects	0	0	0
Total	\$1,028,243	\$964,163	\$64,080

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$785,747	\$789,843	\$4,096
Special Revenue	104,534	105,867	1,333
Total	\$890,281	\$895,710	\$5,429

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$818,821	\$659,888	\$158,933
Special Revenue	124,381	102,059	22,322
Total	\$943,202	\$761,947	\$181,255

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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 Public Employees Retirement System (PERS) of Ohio. PERS 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 and 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. The District has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and Omissions.



Auditor of State Betty Montgomery

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

Highland County General Health District
Highland County
200 Hobart Drive
Hillsboro, Ohio 45133

To Members of the Board:

We have audited the accompanying financial statements of the Highland County General Health District, Highland County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 10, 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 10, 2003.

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 June 10, 2003.

Highland County General Health District
Highland County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of 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

June 10, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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HIGHLAND COUNTY GENERAL HEALTH DISTRICT

HIGHLAND 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
JULY 29, 2003**