



**Auditor of State
Betty Montgomery**

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS 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 and Similar Fiduciary 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 and Similar Fiduciary 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
Schedule of Findings.....	11

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Athens City-County General Health District
Athens County
278 West Union Street
Athens, Ohio 45701

To the Board of Health:

We have audited the accompanying financial statements of the Athens City-County General Health District, Athens 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 Athens City-County General Health District, Athens County, 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 May 15, 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 of Health and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and are 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 15, 2003

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$ 613,309	\$	\$	\$ 613,309
Intergovernmental	383,952			383,952
Permits	35,638			35,638
Fees	47,120	96,670		143,790
Licenses		61,275		61,275
Miscellaneous	340			340
Other Revenue	122,918	96		123,014
Total Cash Receipts	<u>1,203,277</u>	<u>158,041</u>	<u>0</u>	<u>1,361,318</u>
Cash Disbursements:				
Salaries - Employees	586,414	84,034		670,448
Supplies	23,475			23,475
Equipment	13,880			13,880
Dental Sealant Program	39,966			39,966
Contracts - Services	55,256			55,256
Travel	10,721			10,721
Advertising and Printing	325			325
Insurance	141,291			141,291
Public Employee's Retirement	86,981			86,981
Worker's Compensation	2,599			2,599
Medicare	5,543	533		6,076
Other Expenses	212,747	75,790		288,537
Total Cash Disbursements	<u>1,179,198</u>	<u>160,357</u>	<u>0</u>	<u>1,339,555</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>24,079</u>	<u>(2,316)</u>	<u>0</u>	<u>21,763</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		22,737		22,737
Transfers-Out	(22,737)			(22,737)
Total Other Financing Receipts/(Disbursements)	<u>(22,737)</u>	<u>22,737</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,342</u>	<u>20,421</u>	<u>0</u>	<u>21,763</u>
Fund Cash Balances, January 1	<u>204,006</u>	<u>100,573</u>	<u>9,192</u>	<u>313,771</u>
Fund Cash Balances, December 31	<u>\$ 205,348</u>	<u>\$ 120,994</u>	<u>\$ 9,192</u>	<u>\$ 335,534</u>
Reserves for Encumbrances, December 31	<u>\$ 1,810</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,810</u>

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

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$ 600,809	\$	\$	\$ 600,809
Intergovernmental	196,864			196,864
Permits	34,649			34,649
Fees	31,130	85,724		116,854
Licenses		63,995		63,995
Miscellaneous	340			340
Other Revenue	123,060	390		123,450
Total Cash Receipts	<u>986,852</u>	<u>150,109</u>	<u>0</u>	<u>1,136,961</u>
Cash Disbursements:				
Salaries - Employees	520,541	80,393		600,934
Supplies	22,501			22,501
Equipment	78,298			78,298
Dental Sealant Program	24,435			24,435
Contracts - Services	41,953			41,953
Travel	6,694	517		7,211
Advertising and Printing	1,497			1,497
Insurance	118,912			118,912
Public Employee's Retirement	71,374			71,374
Worker's Compensation	6,865			6,865
Medicare	4,613			4,613
Other	135,309	74,222		209,531
Total Cash Disbursements	<u>1,032,992</u>	<u>155,132</u>	<u>0</u>	<u>1,188,124</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(46,140)	(5,023)	0	(51,163)
Fund Cash Balances, January 1	<u>250,146</u>	<u>105,596</u>	<u>9,192</u>	<u>364,934</u>
Fund Cash Balances, December 31	<u>\$ 204,006</u>	<u>\$ 100,573</u>	<u>\$ 9,192</u>	<u>\$ 313,771</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Athens City-County General Health District, Athens County (the District), is a general health district as defined by Ohio Revised Code Section 3709.07. The District is directed by an appointed five member board and an appointed Health Commissioner. The District's services include the inspection and licensing of food establishments, inspections of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

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) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Food Service Fund – This fund receives monies from licenses issued to food service providers.

Solid Waste Fund – This fund receives fees for permits issued for the installation of septic systems.

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

Orthopedic Trust Fund – This fund is used to account for the proceeds received from the Minnie Mildred Ruston estate for the benefit of crippled children in Athens County and is classified as an Expendable Trust 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 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.

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.

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

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	\$ 1,166,712	\$ 1,203,277	\$ 36,565
Special Revenue	161,500	180,778	19,278
Total	\$ 1,328,212	\$ 1,384,055	\$ 55,843

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,342,771	\$ 1,203,745	\$ 139,026
Special Revenue	170,500	160,357	10,143
Total	\$ 1,513,271	\$ 1,364,102	\$ 149,169

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 920,058	\$ 986,852	\$ 66,794
Special Revenue	161,500	150,109	(11,391)
Total	\$ 1,081,558	\$ 1,136,961	\$ 55,403

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,080,572	\$ 1,032,992	\$ 47,580
Special Revenue	165,500	155,132	10,368
Total	\$ 1,246,072	\$ 1,188,124	\$ 57,948

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 and totaled approximately \$75,000 in each year.

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

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

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, members of 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 employer contributions required through December 31, 2002.

5. RISK MANAGEMENT

The Athens County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District is covered by these policies.

6. 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.



Auditor of State Betty Montgomery

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

Athens City-County General Health District
Athens County
278 West Union Street
Athens, Ohio 45701

To the Board of Health:

We have audited the accompanying financial statements of the Athens City-County General Health District, Athens County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and is described in the Schedule of Findings as item 2002-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated May 15, 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 May 15, 2003.

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Athens City-County General Health District
Athens 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 and the Board of Health, 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 15, 2003

**ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-001

Finding for Recovery

According to Section 6.4 of the Board of Health Policy Manual, an employee who retires from active service shall be eligible to received payment for 25% of his/her accrued but unused sick leave figured on a maximum accumulation of 120 days. The maximum payment shall be for 30 days and shall be based on the employee's rate of pay at the time of retirement.

Ellen Davis retired from the District in 2002. At the time of her retirement, her sick leave balance was 85.009 hours. As per the District's policy, she was entitled to 25% of that balance, or 21.25 hours upon retirement, at her rate of pay upon retirement, which was \$12.79 per hour. Upon retirement, Ellen Davis was inadvertently paid for 100% of her accumulated but unused sick leave, in the amount of \$1,087.27. However, she was only entitled to 25% of that amount, or \$271.79. As a result, she was overpaid upon retirement by \$815.48.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery is hereby issued for public monies illegally expended against Ellen Davis in the amount of \$815.48, in favor of the General Fund of the Athens City-County General Health District.



**Auditor of State
Betty Montgomery**

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ATHENS CITY -COUNTY GENERAL HEALTH DISTRICT

ATHENS 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 3, 2003**