

**MEDINA COUNTY GENERAL HEALTH
DISTRICT - MEDINA COUNTY
FINANCIAL STATEMENTS AND REPORTS
December 31, 2001**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Medina County General Health District
P.O. Box 1033
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We have reviewed the Independent Auditor's Report of the Medina County General Health District, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Medina County General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 18, 2002

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MEDINA COUNTY GENERAL HEALTH DISTRICT - MEDINA COUNTY

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MEDINA COUNTY GENERAL HEALTH DISTRICT - MEDINA COUNTY

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

District Board of Health Fund

Special Revenue Fund Types:

Trailer Park Fund

Swimming Pools Fund

Food Service Fund

Campground Program Fund

Vending Program Fund

Water System Fund

Solid Waste Fund

Federal Early Childhood Intervention Fund

Federal Preventive Health Fund

Federal Woman, Infants, and Children Fund

Federal Immunization

State Children Family Health Services

Capital Projects:

Capital Improvement Fund

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 2, 2002

To The Board of Trustees
Medina County General Health District
Medina, Ohio 44256

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Medina County General Health District, as of and for the year ended December 31, 2001, as listed in the table of contents. 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 described in Note 1, the District prepares its financial statements on a basis prescribed by The Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Medina County General Health District, as of December 31, 2001, and the combined cash receipts and disbursements and budgeted receipts, appropriations, 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 a report dated April 2, 2002, 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 the Board of Directors, management, and other officials authorized to receive this report under section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

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MEDINA COUNTY GENERAL HEALTH DISTRICT - MEDINA COUNTY
Combined Statement of Cash and Fund Cash Balances
All Fund Types
As of December 31, 2001

| | |
|--------------|-------------------|
| Cash | \$ 414,758 |
| Total | <u>\$ 414,758</u> |

Cash Balances by Fund Type

Governmental Funds:

| | |
|---------------------------|-------------------|
| General Fund | \$ 816,850 |
| Special Revenue Funds | 239,247 |
| Capital Improvements Fund | <u>(61,339)</u> |
| Total | <u>\$ 414,758</u> |

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

MEDINA COUNTY GENERAL HEALTH DISTRICT - MEDINA COUNTY
Combined Statement of Cash Receipts, Disbursements, and Changes in
Fund Cash Balances

For the Year Ended December 31, 2001

| | Governmental Fund Type | |
|---|-------------------------------|----------------------------|
| | General | Special Revenue |
| Revenue Receipts | | |
| Taxes | \$ 2,452,249 | \$ 0 |
| Fees, Licenses, Permits | 753,133 | 441,088 |
| Intergovernmental Receipts | 292,973 | 446,983 |
| Charges for Services | 74,662 | 0 |
| Donations | 14,885 | 0 |
| Rental Income | 34,452 | 0 |
| All Other Revenue | 75,735 | 27,099 |
| Total Revenue Receipts | 3,698,089 | 915,170 |
| Expenditure Disbursements | | |
| Salaries | 1,450,070 | 525,168 |
| Workers Compensation | 7,258 | 2,611 |
| Unemployment | 3,065 | 0 |
| Public Employees' Retirement | 196,688 | 71,100 |
| Fringe Benefits | 615,633 | 49,023 |
| Supplies | 139,058 | 30,187 |
| Advertising and Printing | 25,749 | 2,940 |
| Travel and Expenses | 50,011 | 14,736 |
| Equipment | 5,109 | 2,145 |
| Rentals | 2,451 | 34,452 |
| Contracts - Services | 205,715 | 26,962 |
| Contracts - Repairs | 98 | 0 |
| Remittance to State | 18,365 | 27,622 |
| Utility | 57,191 | 2,229 |
| Capital Outlay | 0 | 0 |
| Debt Service | | |
| Principal Retirement | 0 | 0 |
| Bond Interest | 0 | 0 |
| Other Expenses | 125,645 | 15,662 |
| Total Expenditure Disbursements | 2,902,106 | 804,837 |
| Total Revenue Receipts Over (Under) Expenditure Disbursements | 795,983 | 110,333 |
| Other Financing Sources (Uses) | | |
| Transfer In | 0 | 32,925 |
| Transfer Out | (806,645) | (26,280) |
| Total Other Financing Sources (Uses) | (806,645) | 6,645 |
| Excess of Receipts and Other Sources Over (Under) Disbursements and Other Uses | (10,662) | 116,978 |
| Fund Cash Balance - January 1, 2001 | 827,512 | 122,269 |
| Fund Cash Balance - December 31, 2001 | \$ 816,850 | \$ 239,247 |

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

| <u>Capital Projects</u> | <u>Total (Memorandum Only)</u> |
|-----------------------------|------------------------------------|
| \$ 0 | \$ 2,452,249 |
| 0 | 1,194,221 |
| 0 | 739,956 |
| 0 | 74,662 |
| 0 | 14,885 |
| 0 | 34,452 |
| 0 | 102,834 |
| 0 | 4,613,259 |
| 0 | 1,975,238 |
| 0 | 9,869 |
| 0 | 3,065 |
| 0 | 267,788 |
| 0 | 664,656 |
| 0 | 169,245 |
| 0 | 28,689 |
| 0 | 64,747 |
| 0 | 7,254 |
| 0 | 36,903 |
| 64,543 | 297,220 |
| 0 | 98 |
| 0 | 45,987 |
| 0 | 59,420 |
| 801,863 | 801,863 |
| 290,000 | 290,000 |
| 135,375 | 135,375 |
| 0 | 141,307 |
| 1,291,781 | 4,998,724 |
| (1,291,781) | (385,465) |
| 800,000 | 832,925 |
| 0 | (832,925) |
| 800,000 | 0 |
| (491,781) | (385,465) |
| (149,558) | 800,223 |
| \$ (641,339) | \$ 414,758 |

MEDINA COUNTY GENERAL HEALTH DISTRICT - MEDINA COUNTY
Combined Statement of Receipts - Budget and Actual
For the Year Ended December 31, 2001

| <u>Fund Types/Funds</u> | <u>Prior Year Unencumbered Cash</u> | <u>2001 Budgeted Receipts</u> | <u>Total Estimated Receipts</u> | <u>2001 Actual Receipts</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------|---|---------------------------------------|---|-------------------------------------|---|
| Governmental | | | | | |
| General | \$ 627,795 | \$ 3,429,500 | \$ 4,057,295 | \$ 3,698,089 | \$ (359,206) |
| Special Revenue | 66,975 | 1,007,443 | 1,074,418 | 948,095 | (126,323) |
| Capital Projects | <u>(210,761)</u> | <u>1,750,000</u> | <u>1,539,239</u> | <u>800,000</u> | <u>(739,239)</u> |
| Total (Memorandum Only) | <u>\$ 484,009</u> | <u>\$ 6,186,943</u> | <u>\$ 6,670,952</u> | <u>\$ 5,446,184</u> | <u>\$ (1,224,768)</u> |

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

MEDINA COUNTY GENERAL HEALTH DISTRICT - MEDINA COUNTY
Combined Statement of Disbursements and Encumbrances Compared With
Expenditure Authority
For the Year Ended December 31, 2001

| <u>Fund Types/Fund</u> | <u>Prior Year Carryover Appropriations</u> | <u>2001 Appropriations</u> | <u>Total</u> | <u>Actual 2001 Disbursements</u> | <u>Encumbrances Outstanding at 12-31-01</u> | <u>Total</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------|--|--------------------------------|---------------------|--------------------------------------|---|---------------------|---|
| Governmental | | | | | | | |
| General | \$ 736,376 | \$ 3,942,382 | \$ 4,678,758 | \$ 3,708,751 | \$ 231,750 | \$ 3,940,501 | \$ 738,257 |
| Special Revenue | 56,613 | 1,015,660 | 1,072,273 | 831,117 | 48,621 | 879,738 | 192,535 |
| Capital Projects | 61,203 | 1,340,000 | 1,401,203 | 1,291,781 | 35,874 | 1,327,655 | 73,548 |
| Total (Memorandum Only) | <u>\$ 854,192</u> | <u>\$ 6,298,042</u> | <u>\$ 7,152,234</u> | <u>\$ 5,831,649</u> | <u>\$ 316,245</u> | <u>\$ 6,147,894</u> | <u>\$ 1,004,340</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE ENTITY

Medina County General Health District is a body politic and corporate established for the purpose of exercising the rights and privileges conferred upon it by law. The District was organized under provisions of Chapter 3709, Revised Code. The District operates under the direction of a six-member appointed Board of Trustees. An appointed health commissioner and an appointed fiscal officer are responsible for fiscal control of the resources of the District which are maintained in the funds described below. Services provided by the District include adoption of regulations as necessary for the prevention of disease and the promotion of public health, hearings on public health matters, cooperation with other health agencies and groups to promote community health programs, community education on health matters, and related health services to citizens and other political subdivisions within Medina County.

Management believes the financial statements included in this report represent all of the funds of the District.

BASIS OF ACCOUNTING

The District prepares its financial statements on a basis prescribed by The Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the District under the basis of accounting used. By virtue of Ohio law, the District is required to maintain the encumbrance method of accounting and to make appropriations.

CASH

Funds of the District are invested by the Medina County Treasurer using pooled monies from other county funds.

FUND ACCOUNTING

The 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 type of funds are as follows:

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

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.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to disbursements for specified purposes.

Capital Project Fund

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds. The District has been setting aside funds to be used for building renovations.

BUDGETARY PROCESS

Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The county budget commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated resources. The county budget commission certifies its actions to the District by September 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund level and may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

PROPERTY, PLANT AND EQUIPMENT

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

ACCUMULATED UNPAID VACATION AND SICK PAY

Accumulated unpaid vacation and sick pay are not accrued under the cash basis of accounting described in Note 1. At December 31, 2001, management estimates that \$462,700 in sick leave and \$105,948 in vacation leave have been accumulated by the employees of the District. 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, 2001.

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.

NOTE 2 POOLED CASH AND INVESTMENTS

The Medina County Auditor is the statutory fiscal officer for the District. The Medina County Treasurer maintains a cash and investment pool used by all funds.

NOTE 3 PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% 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 1998.

MEDINA COUNTY GENERAL HEALTH DISTRICT – MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

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 January 20 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, 2001 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 \$.753 per \$1,000 assessed valuation for property classified as residential/agricultural and \$.808 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount 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, 2001 was \$1.00 per \$1,000 of assessed valuation.

| | |
|---|-------------------------|
| Real-Property - 2000 Valuation | \$ 2,673,379,400 |
| Tangible Personal Property - 2001 Valuation | <u>362,000,490</u> |
| Total Valuation | <u>\$ 3,035,379,890</u> |

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

NOTE 4 ACCOUNTABILITY

At December 31, 2001, the Capital Projects Fund had a deficit fund balance of \$641,339. The District purchased a building and began renovating part of the building during 2000 causing the deficit to occur due to the cost exceeding the amount of revenue the bonds generated. The General Fund is responsible to cover deficit fund balances by means of a transfer.

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period January 1, 1995 through December 31, 1995, the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The District joined together with other governmental subdivisions in the State of Ohio to obtain coverage through Public Entities of Ohio, a public entity risk pool currently operating as a common risk management and insurance program for 220

MEDINA COUNTY GENERAL HEALTH DISTRICT – MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

risk pool currently operating as a common risk management and insurance program for 220 governmental subdivision members. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of Public Entities Pool of Ohio provides that Public Entities Pool of Ohio will be self-sustaining through member premiums and will reinsure through the American Public Entities Excess Pool (APEEP) for claims between \$250,000 and \$5,000,000 and with commercial companies for claims in excess of \$5,000,000.

The Health District has established a limited risk management program for medical, dental, prescription drug, and vision benefits. The General fund pays claims and administrative costs of the program. At December 31, 2001, there is an undisclosed claims liability for incurred claims. An excess coverage insurance policy covers individual claims in excess of \$10,000.

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 6 RETIREMENT COMMITMENTS

The employees of the District were covered by the Public Employees Retirement System of Ohio. The State of Ohio accounts for the activities of the retirement system, and the amount of that fund is not reflected in the accompanying financial statements. As of December 31, 2001 the District employees contributed 8.5% of their gross wages. The District is matching this with a contribution equal to 13.55% of employees gross wages.

NOTE 7 GENERAL LONG TERM DEBT

| | <u>Outstanding</u> <u>12/31/00</u> | <u>Additions</u> | <u>Deductions</u> | <u>Outstanding</u> <u>12/31/01</u> |
|---------------------------------|---------------------------------------|------------------|-------------------|---------------------------------------|
| General Obligation | | | | |
| Limited Tax Bonds | | | | |
| County of Medina, Ohio | | | | |
| Health District Facility Bonds, | | | | |
| Series 1999, interest rates | | | | |
| range from 4.900% to 5.375% | \$ 2,135,000 | \$ 0 | \$ 190,000 | \$ 1,945,000 |
| Note Payable, 8.5%, | | | | |
| due January 1, 2005 | <u>408,333</u> | <u>0</u> | <u>100,000</u> | <u>308,333</u> |
| | <u>\$ 2,543,333</u> | <u>\$ 0</u> | <u>\$ 290,000</u> | <u>\$ 2,253,333</u> |

MEDINA COUNTY GENERAL HEALTH DISTRICT – MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

Outstanding general obligation limited tax bonds were issued by Medina County for the purchase of the Health District facility. The note payable is for the adjoining vacant land parcel. All debt is a direct obligation of the District for which it's full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District. The annual requirement of all amortize debt outstanding as of December 31, 2001 including interest payments of \$512,418 is as follows.

| Year Ending December 31, | |
|--------------------------|---------------------|
| 2002 | \$ 426,760 |
| 2003 | 417,497 |
| 2004 | 402,710 |
| 2005 | 309,241 |
| 2006 | 304,333 |
| Remaining | <u>905,210</u> |
| | <u>\$ 2,765,751</u> |

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 2, 2002

The Board of Trustees
Medina County General Health District
Medina, Ohio 44256

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of Medina County General Health District as of and for the year then ended December 31, 2001, and have issued our report thereon dated April 2, 2002. We have 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 Audit Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Medina County General Health 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*. We noted certain immaterial instances of noncompliance that we have reported to the Board of Trustees of Medina County General Health District in a separate letter dated April 2, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Medina County General Health 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 we have reported to management of Medina County General Health District in a separate letter dated April 2, 2002.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

April 2, 2002

The Board of Trustees
Medina County General Health District
Medina, Ohio 44256

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Medina County General Health District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2001. Medina County General Health District's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Medina County General Health District's management. Our responsibility is to express an opinion on Medina County General Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of Local Governments. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Medina County General Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Medina County General Health District's compliance with those requirements.

In our opinion, Medina County General Health District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

Internal Control over Compliance

The management of Medina County General Health District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Medina County General Health District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the financial statements of Medina County General Health District as of and for the year ended December 31, 2001, and have issued our report thereon dated April 2, 2002 our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements of Medina County General Health District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Rea & Associates, Inc.

**MEDINA COUNTY HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS
FOR THE YEAR ENDING DECEMBER 31, 2001**

| <u>FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>PASS- THROUGH GRANT NUMBER</u> | <u>AWARD AMOUNT</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> |
|--|------------------------------------|---|-------------------------|-------------------|---------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | |
| PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH | | | | | |
| PREVENTATIVE HEALTH AND HEALTH SERVICES GRANT | 93.991 | 52-1-01-P-BP-387 | \$ 17,738 | <u>\$ 0</u> | <u>\$ 1,640</u> |
| <i>TOTAL PREVENTATIVE HEALTH AND HEALTH SERVICES GRANT</i> | | | | 0 | 1,640 |
| IMMUNIZATION ACTION PLAN | 93.268 | 52-1-01-P-AZ-392 | 45,080 | 5,943 | 10,705 |
| IMMUNIZATION ACTION PLAN | 93.268 | 52-1-001-2-AZ-01 | 35,000 | <u>35,000</u> | <u>35,000</u> |
| <i>TOTAL IMMUNIZATION ACTION PLAN</i> | | | | 40,943 | 45,705 |
| <i>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i> | | | | <u>40,943</u> | <u>47,345</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | | |
| PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH | | | | | |
| EARLY INTERVENTION GRANT COMPREHENSIVE SERVICES GRANT | 84.181 | 52-1-001-AZ-01 | 126,479 | <u>82,856</u> | <u>107,601</u> |
| <i>TOTAL U.S. DEPARTMENT OF EDUCATION</i> | | | | <u>82,856</u> | <u>107,601</u> |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | |
| PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH | | | | | |
| SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) | 10.557 | 52-1-0011-CL-01 | 208,213 | 156,159 | 166,447 |
| SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) | 10.557 | 52-1-0011-CL-02 | 205,565 | <u>51,390</u> | <u>46,049</u> |
| <i>TOTAL U.S. DEPARTMENT OF AGRICULTURE</i> | | | | <u>207,549</u> | <u>212,496</u> |
| TOTAL FEDERAL ASSISTANCE | | | | <u>\$ 331,348</u> | <u>\$ 367,442</u> |

**MEDINA COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
DECEMBER 31, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|----------------|---|--|
| (d) (1) (i) | Type of Financial Statement Opinion | Unqualified |
| (d) (1) (ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d) (1) (iii) | Was there any reported material non- compliance at the financial statement level (GAGAS)? | No |
| (d) (1) (iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d) (1) (iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d) (1) (v) | Type of Major Program's Compliance Opinion | Unqualified |
| (d) (1) (vi) | Are there any reportable findings under Section .510? | No |
| (d) (1) (vii) | Major Programs (list): | CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children |
| (d) (1) (viii) | Dollar Threshold: Type A/B Programs | Type A: > \$300,000 Type B: All others |
| (d) (1) (ix) | Low Risk Auditee? | Yes |

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

MEDINA COUNTY GENERAL HEALTH DISTRICT

MEDINA 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 2, 2002**