



**Auditor of State
Betty Montgomery**

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula General Health District
Ashtabula County
12 West Jefferson Street
Jefferson, Ohio 44047

To Members of the Board:

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

Ashtabula General Health District
Ashtabula County
Independent Accountants' Report
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This report is intended solely for the information and use of 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

June 10, 2003

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA 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>	
Cash Receipts:			
Federal awards	\$0	\$207,152	\$207,152
Intergovernmental	22,974	26,872	49,846
Inspection fees	54,023	77,533	131,556
Permits		137,221	137,221
Subdivision Assessment	560,000		560,000
Licenses	121,702	75,400	197,102
Other receipts	119,394	63,652	183,046
	<u>878,093</u>	<u>587,830</u>	<u>1,465,923</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	477,539	94,653	572,192
Supplies	14,636	37,491	52,127
Remittances to State		88,977	88,977
Equipment	21,874	2,979	24,853
Contracts - Repair	9,852		9,852
Contracts - Services	11,635	14,884	26,519
Rentals	200		200
Travel	55,871		55,871
Vehicles			0
Utilities and rentals			0
Compensation and damages			0
Advertising and printing	198		198
Public employee's retirement	87,286		87,286
Worker's compensation	20,130		20,130
Project Fund Expenditures		256,640	256,640
Other	144,239		144,239
	<u>843,460</u>	<u>495,624</u>	<u>1,339,084</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>34,633</u>	<u>92,206</u>	<u>126,839</u>
Fund Cash Balances, January 1	<u>75,376</u>	<u>829,687</u>	<u>905,063</u>
Fund Cash Balances, December 31	<u>\$110,009</u>	<u>\$921,893</u>	<u>\$1,031,902</u>
Reserves for Encumbrances, December 31	<u>\$105,307</u>	<u>\$18,888</u>	<u>\$124,195</u>

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

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards	\$0	\$146,230	\$146,230
Intergovernmental	25,608	27,000	52,608
Inspection fees	60,413	191,499	251,912
Permits		21,825	21,825
Subdivision Assessment	520,000		520,000
Licenses	118,068	75,800	193,868
Other receipts	54,636	18,349	72,985
	<u>778,725</u>	<u>480,703</u>	<u>1,259,428</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	460,024	85,417	545,441
Supplies	15,982	35,917	51,899
Remittances to State		90,283	90,283
Equipment	8,783		8,783
Contracts - Repair	8,159		8,159
Contracts - Services	16,283	19,177	35,460
Rentals	557		557
Travel	52,035		52,035
Advertising and printing	641		641
Public employee's retirement	83,428		83,428
Worker's compensation	17,722		17,722
Project Fund Expenditures		189,335	189,335
Other	140,015	1,158	141,173
	<u>803,629</u>	<u>421,287</u>	<u>1,224,916</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(24,904)</u>	<u>59,416</u>	<u>34,512</u>
Fund Cash Balances, January 1	<u>100,280</u>	<u>770,271</u>	<u>870,551</u>
Fund Cash Balances, December 31	<u>\$75,376</u>	<u>\$829,687</u>	<u>\$905,063</u>
Reserves for Encumbrances, December 31	<u>\$52,793</u>	<u>\$36,416</u>	<u>\$89,209</u>

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

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Empowered by Section 3709.01, Revised Code, the General Health District consists of the County's 27 Townships, 7 Villages, and 1 City not incorporated as a City Health District within Ashtabula County. The chief executive officer of each constituent political subdivision serves on the District Advisory Council, which meets annually on the first Monday in March to appoint the members of the Ashtabula County General Health District, or to fill any Board vacancies that may have occurred. The General Health District appoints a Health Commissioner to a term not to exceed 2 years. As chief executive officer, the Health Commissioner presides over the County Health Department and reports to the Board at its regular meeting on the first Wednesday of each month.

As a separate political entity, the General Health District operates autonomously from the government of Ashtabula County. However, the Revised Code charges the county auditor and county treasurer to serve in similar capacities for the District. Charged with maintaining the health and welfare of the General Health District, the General Health District is empowered to enforce the laws, rules and regulations as promulgated by the appropriate federal and state legislatures, departments, and agencies.

The General Health 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.

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Solid Waste Fund – This fund receives license and permit fees. The General Health District retains \$2,500 of each license fee collected and transmits the remainder to the Director of the Ohio Environmental Protection Agency.

Child and Family Health Grant Fund – This Fund receives Federal Funds. The Funds are used for the prevented care of children.

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. The County Budget Commission must also approve estimated resources and amendments thereto.

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 the District's basis of accounting.

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended 2002 and 2001 as follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$915,400	\$878,093	(\$37,307)
Special Revenue	479,674	587,830	108,156
Total	\$1,395,074	\$1,465,923	\$70,849

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$990,776	\$948,767	\$42,009
Special Revenue	609,196	514,512	94,684
Total	\$1,599,972	\$1,463,279	\$136,693

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$875,400	\$778,725	(\$96,675)
Special Revenue	393,550	480,703	87,153
Total	\$1,268,950	\$1,259,428	(\$9,522)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$967,763	\$856,422	\$111,341
Special Revenue	563,261	457,703	105,558
Total	\$1,531,024	\$1,314,125	\$216,899

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.

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

4. RETIREMENT SYSTEM

The General Health 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 General Health District contributed an amount equal to 13.55%. The District has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

The General Health District is a member of the Public Entity Pool (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 Coverage

PEP retains risks up to \$250,000 per occurrence. 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.

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

Property Coverage

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 (The latest information available):

**ASHTABULA GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

6. RISK MANAGEMENT (Continued)

Casualty Coverage	2001	2000
Assets	\$19,358,458	\$17,112,129
Liabilities	<u>(8,827,588)</u>	<u>(7,715,035)</u>
Retained Earnings	<u>\$10,530,870</u>	<u>\$ 9,397,094</u>
Property Coverage		
Assets	\$1,890,323	\$1,575,614
Liabilities	<u>(469,100)</u>	<u>(281,561)</u>
Retained Earnings	<u>\$1,421,223</u>	<u>\$1,294,053</u>

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Auditor of State Betty Montgomery

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

Ashtabula General Health District
Ashtabula County
12 West Jefferson Street
Jefferson, Ohio 44047

To Members of the Board:

We have audited the accompanying financial statements of the Ashtabula General Health District, Ashtabula County (the District) as of and for the years ended December 31, 2002 and December 31, 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 one immaterial instance 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.

Ashtabula General Health District
Ashtabula County
Report of Independent Accountants 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 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

June 10, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140

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ASHTABULA GENERAL HEALTH DISTRICT

ASHTABULA 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 26, 2003**