



Auditor of State
Betty Montgomery

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA 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
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Medina County General Health District
Medina County
4800 Ledgewood Drive
Medina, Ohio 44256

To Members of the Board:

We have audited the accompanying financial statements of Medina County General Health District, Medina County, Ohio, (the Board of Health) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Board of Health'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 Board of Health 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 Medina County General Health District as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2003 on our consideration of the Board of Health'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.

Medina County General Health District
Medina County
Independent Accountants' Report
Page 2

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

March 14, 2003

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$2,281,067			\$2,281,067
Intergovernmental	445,130	\$440,638		885,768
Charges for Services	95,970			95,970
Licenses, Permits and Fees	826,196	360,908		1,187,104
Donations	11,782			11,782
Rental Income	34,452			34,452
Other	6,484	16,710		23,194
Total Cash Receipts	<u>3,701,081</u>	<u>818,256</u>		<u>4,519,337</u>
Cash Disbursements:				
Current:				
Salaries	1,500,963	462,496		1,963,459
Fringe Benefits	401,103	72,580		473,683
Supplies	45,102	17,467	\$340	62,909
Remittances to State	120,248	29,360		149,608
Equipment	26,397			26,397
Contracts - Repair	40		6,513	6,553
Contracts - Services	154,014	35,158	39,660	228,832
Rentals	1,131	34,452		35,583
Travel	52,915	12,120		65,035
Utilities	53,497	1,817		55,314
Advertising and printing	21,733	2,726		24,459
Public employee's retirement	202,352	62,643		264,995
Worker's compensation	8,834	983		9,817
Unemployment compensation	6,499			6,499
Other	90,625	17,597	106	108,328
Debt Service:				
Redemption of Principal			300,647	300,647
Interest and Fiscal Charges			114,109	114,109
Capital Outlay			140,017	140,017
Total Cash Disbursements	<u>2,685,453</u>	<u>749,399</u>	<u>601,392</u>	<u>4,036,244</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,015,628</u>	<u>68,857</u>	<u>(601,392)</u>	<u>483,093</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			1,390,000	1,390,000
Transfers-Out	(1,390,000)			(1,390,000)
Refunds	103,632			103,632
Total Other Financing Receipts/(Disbursements)	<u>(1,286,368)</u>		<u>1,390,000</u>	<u>103,632</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(270,740)</u>	<u>68,857</u>	<u>788,608</u>	<u>586,725</u>
Fund Cash Balances, January 1	<u>816,850</u>	<u>239,247</u>	<u>(641,339)</u>	<u>414,758</u>
Fund Cash Balances, December 31	<u>\$546,110</u>	<u>\$308,104</u>	<u>\$147,269</u>	<u>\$1,001,483</u>
Reserves for Encumbrances, December 31	<u>\$100,967</u>	<u>\$36,440</u>	<u>\$10,827</u>	<u>\$148,234</u>

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

This page intentionally left blank.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Medina County General Health District, Medina County, (the Board of Health) 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 Board of Health is directed by a six-member Board of Trustees and a Health Commissioner. The County Auditor and the County Treasurer are responsible for the fiscal control of the resources of the Board of Health which are maintained in the funds described below. The Board of Health provides medical assistance and public health safety to the citizens of Medina County. In addition, the Women, Infants and Children's Program (WIC) (with its own director and advisory board) is under the auspices of the Board of Health.

The Board of Health's management believes these financial statements present all activities for which the Board of Health 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 the Ohio Revised Code, the County Treasurer is custodian for the Board of Health's cash. The Board of Health'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 Board of Health uses fund accounting to segregate cash and investments that are restricted as to use. The Board of Health 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 Board of Health has the following significant Special Revenue Funds:

Women, Infants and Children (WIC) Fund - This is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Food Service Organization and Food Establishment Fund - This fund receives monies from the sale of licenses, permits, and the collection of fees from Restaurants, Supermarkets, Convenient Stores, etc. for the prevention of disease and the promotion of public health.

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 Board of Health has the following significant Capital Projects Fund:

Building Fund - This fund receives monies from the General Fund for the construction, remodeling and maintenance of the Board of Health's facility and the payment of the related bond debt.

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, which is the Board of Health's legal level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and subsequent amendments. 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.

3. Encumbrances

The Ohio Revised Code requires the Board of Health 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 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Board of Health's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Medina County Auditor acts as fiscal agent for the Board of Health. The Medina County Treasurer maintains a cash and investment pool used by all funds held by the County, including those of the Board of Health. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash on deposit with the fiscal agent at December 31, 2002 was \$1,001,483.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,651,562	\$3,804,713	\$153,151
Special Revenue	1,051,292	818,256	(233,036)
Capital Projects	1,700,000	1,390,000	(310,000)
Total	\$6,402,854	\$6,012,969	(\$389,885)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,361,350	\$4,176,420	\$184,930
Special Revenue	1,023,915	785,839	238,076
Capital Projects	843,874	612,219	231,655
Total	\$6,229,139	\$5,574,478	\$654,661

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

4. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Outstanding 12/31/2001	Additions	Deletions	Outstanding 12/31/2002
General Obligation Limited Tax Bonds County of Medina, Ohio Health District Facility Bonds, Series 1999, interest rates range from 4.900% to 5.375%	\$1,945,000	\$0	\$205,000	\$1,740,000
Notes Payable, 5.45%, due January 1, 2005	312,425	0	95,647	216,778
	<u>\$2,257,425</u>	<u>\$0</u>	<u>\$300,647</u>	<u>\$1,956,778</u>

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 its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District.

Amortization of the above debt, including interest, is scheduled as follows:

	Facility Bonds, Series 1999	Real Estate Mortgage
Year ending December 31:		
2003	\$303,685	\$110,308
2004	297,397	110,308
2005	300,847	9,193
2006	304,332	0
2007	301,832	0
2008-12	603,382	0
Total	<u>\$2,111,475</u>	<u>\$229,809</u>

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Health. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Local Taxes. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board of Health.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

6. RETIREMENT SYSTEM

The Board of Health's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, OPERS members contributed 8.5% of their gross salaries. The Board of Health contributed an amount equal to 13.55% of participants' gross salaries. The Board of Health has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Board of Health has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Board of Health also provides health insurance to its employees through the Medina County "Self-Insurance Program".

8. CONTINGENT LIABILITIES

The Board of Health is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Board of Health's financial condition.

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.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Medina County General Health District
Medina County
4800 Ledgewood Drive
Medina, Ohio 44256

To Members of the Board:

We have audited the accompanying financial statements of the Medina County General Health District, Medina County, Ohio, (the Board of Health) as of and for the year ended December 31, 2002, and have issued our report thereon dated March 14, 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 Board of Health'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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Board of Health in a separate letter dated March 14, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Health'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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Board of Health in a separate letter dated March 14, 2003.

111 Second St., NW / Fourth Floor / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Medina County General Health District
Medina 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 of Trustees 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

March 14, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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
JUNE 24, 2003**