

Lennon & Company

Certified Public Accountant

Wayne County General Health District
Independent Auditor's Report
For the Year Ended December 31, 2002



**Auditor of State
Betty Montgomery**

Members of the Board of Health
Wayne County General Health District
203 South Walnut Street
Wooster, Ohio 44691

We have reviewed the Independent Auditor's Report of the Wayne County General Health District, Wayne County, prepared by Lennon & Company, Inc., for the audit period January 1, 2002 to December 31, 2002. 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 Wayne County General Health District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 25, 2003

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**WAYNE COUNTY
GENERAL HEALTH DISTRICT**

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Health
Wayne County General Health District
203 South Walnut Street
Wooster, Ohio 44691

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

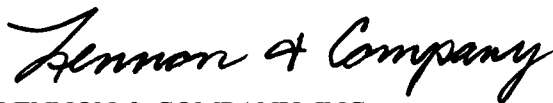
As described in Note 1, the District prepares its financial statements on a basis prescribed by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and encumbrances of the District, as of December 31, 2002, and the 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 August 21, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the 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 Health, 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.



LENNON & COMPANY, INC.
Certified Public Accountant
August 21, 2003

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**GENERAL HEALTH DISTRICT
WAYNE 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>	
Cash Receipts:			
Property Tax Subsidy	\$ 481,158	\$ -	\$ 481,158
Intergovernmental	139,942	384,360	524,302
Licenses, Permits and Fees	254,804	579,353	834,157
Reimbursements	109,384	89,159	198,543
Other	41,062	11,137	52,199
Total Cash Receipts	<u>1,026,350</u>	<u>1,064,009</u>	<u>2,090,359</u>
Cash Disbursements:			
Current			
Salaries and Fringe Benefits	667,156	882,715	1,549,871
Supplies	72,440	30,231	102,671
Remittance to State	32,108	62,631	94,739
Contractual Services	43,803	13,925	57,728
Travel and Expenses	12,238	17,553	29,791
Advertising and Printing	2,590	6,672	9,262
Insurance	37,418	849	38,267
Utilities	29,604	8,297	37,901
Other	8,804	12,014	20,818
Capital Outlay	24,350	34,893	59,243
Total Cash Disbursements	<u>930,511</u>	<u>1,069,780</u>	<u>2,000,291</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>95,839</u>	<u>(5,771)</u>	<u>90,068</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	-	9,224	9,224
Advances-In	126,031	133,608	259,639
Transfers-Out	(7,430)	(1,794)	(9,224)
Advances-Out	(133,608)	(126,031)	(259,639)
Total Other Financing Receipts/(Disbursements)	<u>(15,007)</u>	<u>15,007</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	141,038	127,825	268,863
	80,832	9,236	90,068
Fund Cash Balances, January 1	<u>238,773</u>	<u>249,030</u>	<u>487,803</u>
Fund Cash Balances, December 31	<u><u>\$ 319,605</u></u>	<u><u>\$ 258,266</u></u>	<u><u>\$ 577,871</u></u>
Reserves for Encumbrances, December 31	<u><u>\$ 44,138</u></u>	<u><u>\$ 26,713</u></u>	<u><u>\$ 70,851</u></u>

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

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**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The General Health District, Wayne County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a eleven member board appointed by the District Advisory Council, which is composed of publicly elected officials from the governmental subdivisions within the District, and an appointed health commissioner and an executive director. The District provides general governmental services, including health services relative to communicable disease investigations, immunization clinics, tuberculosis screening, home nursing visits and various licenses and permits, including inspections, birth and death certificates and related services. As health districts are structured in Ohio, the County Auditor and County Treasurer serve as fiscal officer and custodian of funds for the District, respectively. As fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments. As the custodian of public funds, the County Treasurer invests District monies held on deposit in the County Treasury. The District's management believes these financial statements present all activities for which the District is financially accountable.

B. 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 in the United States of America. 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. These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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 required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Food Service Fund - This fund is used to account for food service licenses issued.

Special Supplement Food Program for Women, Infants, and Children Fund - This fund receives Federal Grant monies to fund nutritional training and to provide information on dietary supplements.

**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The District, on or before the first Monday of each April, adopts an appropriation measure for the period January 1 to December 31 of the following year. The appropriation measure, together with the itemized estimate of the sources of revenue available to the District for the next fiscal year, is submitted to the County Auditor who in turn submits it to the County Budget Commission. The District includes advances/transfers in and out in its budgets.

The County Budget Commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate amount of all the items in the appropriation measure.

The appropriation measure, as amended by the County Budget Commission, controls expenditures by the District for the period January 1 to December 31 of the following year. Budgetary expenditures (that is, disbursements plus encumbrances) may not exceed appropriations at the fund and object level of control and appropriations may not exceed estimated resources. The District may, by resolution, transfer funds from one item, create new items, and make additional appropriations, subject to the availability of funds and to the approval of the County Budget Commission.

Encumbrances

The District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. Encumbrances are purchase orders, contracts, and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis to reserve that portion of the applicable appropriation and to determine and maintain compliance with District policy.

A summary of 2002 budgetary activity appears in Note 3.

E. 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 statement.

F. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation (retirement only up to four weeks) and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

2. EQUITY IN POOLED CASH

The Wayne County Auditor serves as fiscal agent for the District, and the Wayne County Treasurer maintains a cash pool used by all County Funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2002, was \$577,871, which was insured by the Federal Depository Insurance Corporation or collateralized by a collateral pool of securities maintained by the financial institution for all its public entity deposits.

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	\$ 1,035,700	\$ 1,152,381	\$ 116,681
Special Revenue	1,151,970	1,206,841	54,871
	\$ 2,187,670	\$ 2,359,222	\$ 171,552

2002 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,164,678	\$ 1,115,687	\$ 48,991
Special Revenue	1,308,043	1,224,318	83,725
	\$ 2,472,721	\$ 2,340,005	\$ 132,716

4. PROPERTY TAX SUBSIDY

The Wayne County Budget Commission determines and allocates a Health Subsidy to the District from the participating subdivisions based upon the expenditures and carryover balance of the District. The District has no specific tax levies.

The County distributes this allocation to the District semiannually.

5. RETIREMENT SYSTEM

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer pension plan. This plan provides retirement benefits, including post retirement 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, members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. PERS contributions are processed by the Wayne County Auditor. The District has paid all contributions required through December 31, 2002.

**GENERAL HEALTH DISTRICT
WAYNE COUNTY**

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

6. RISK MANAGEMENT

The District has obtained commercial insurance coverage for the following risks:

- Comprehensive property
- Vehicles (through the Wayne County Commissioners)
- Commercial inland marine
- Public officials' liability

The District is also a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk up to the limits of the District's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability
- Employee benefits liability

The real property and contents are 80% coinsured with a \$1,000 deductible. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

7. 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.

8. ACCOUNTABILITY AND COMPLIANCE

For the year ended December 31, 2002, the final appropriations less prior year encumbrances exceeded the final amended certificate of estimated resources as follows:

<u>Fund</u>	<u>Excess</u>
Solid Waste Assistance	\$ 13,528
WIC Program	10,041

Management has adopted procedures, in the subsequent period, which provides additional review and analysis of budgeted information to assure compliance with State statutes.

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

Members of the Board of Health
Wayne County General Health District
203 South Walnut Street
Wooster, Ohio 44691

We have audited the financial statements of Wayne County General Health District as of and for the year ended December 31, 2002, and have issued our report thereon dated August 21, 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.

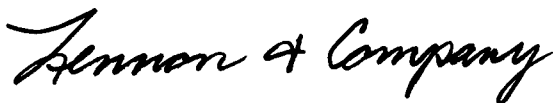
Compliance

As part of obtaining reasonable assurance about whether Wayne 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne 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.

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



LENNON & COMPANY, INC.
Certified Public Accountant
August 21, 2003

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

Members of the Board of Health
Wayne County General Health District
203 South Walnut Street
Wooster, Ohio 44691

Compliance

We have audited the compliance of Wayne County General Health District (the 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, 2002. The District's major federal programs are identified in the summary of 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 each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the District's compliance with those requirements.

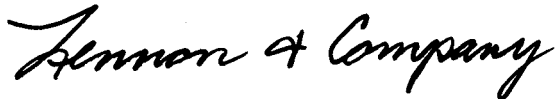
In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the 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 the 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.

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



LENNON & COMPANY
Certified Public Accountant
August 21, 2003

**Wayne County General Health District
Wayne County Ohio**

Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through the Ohio Department of Health:			
Special Supplement Food Program for Women, Infants, and Children	85-1-001-1-CL-02	10.557	\$ 10,892
Special Supplement Food Program for Women, Infants, and Children	85-1-001-1-CL-03	10.557	<u>236,977</u>
Total U.S. Department of Agriculture			<u>247,869</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through the Ohio Department of Health:			
Public Health Infrastructure	85-1-001-2-BI-03	93.283	18,122
Immunization Action Plan	85-1-001-2-AZ-01	93.268	1,468
Immunization Action Plan	85-1-001-2-AZ-02	93.268	1,317
Immunization Action Plan	85-1-001-2-AZ-03	93.268	<u>25,307</u>
			<u>28,092</u>
Total U.S. Department of Health and Human Services			<u>46,214</u>
<u>U.S. DEPARTMENT OF PUBLIC SAFETY</u>			
Passed Through Ohio Department of Safety:			
Safe Communities Grant	1716	20.600	22,841
Safe Communities Grant	3068	20.600	<u>3,536</u>
Total U.S. Department of Public Safety			<u>26,377</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 320,460</u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

**Wayne County General Health District
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2002**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

**WAYNE COUNTY GENERAL HEALTH DISTRICT
WAYNE COUNTY, OHIO
December 31, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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WAYNE COUNTY GENERAL HEALTH DISTRICT

WAYNE 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
OCTOBER 9, 2003**