



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

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

To the Board of Health:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

October 25, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Health:

We have audited the accompanying financial statements of the Athens City-County General Health District, Athens County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also to present the District's larger (i.e., major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require health districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Athens City-County General Health District, Athens County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 25, 2007

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	
Cash Receipts:				
Intergovernmental	\$ 494,312	\$	\$	\$ 494,312
Taxes	659,279			659,279
Permits	44,771			44,771
Fees	74,053	10,385		84,438
Licenses		225,097		225,097
Investment Earnings		300		300
Other Receipts	81,835	6,750		88,585
Total Cash Receipts	<u>1,354,250</u>	<u>242,532</u>	<u>0</u>	<u>1,596,782</u>
Cash Disbursements:				
Salaries	588,717	113,278		701,995
Supplies	19,184			19,184
Insurance	160,766			160,766
Equipment	4,349			4,349
Contracts - Services	52,771			52,771
Travel	17,994			17,994
Dental Sealant Program	49,473			49,473
Advertising and printing	63			63
Medicare		1,211		1,211
Public employee's retirement	92,689			92,689
Worker's compensation	15,679			15,679
Unemployment compensation	6,606			6,606
Other	327,876	100,626		428,502
Total Cash Disbursements	<u>1,336,167</u>	<u>215,115</u>	<u>0</u>	<u>1,551,282</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>18,083</u>	<u>27,417</u>	<u>0</u>	<u>45,500</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		22,000		22,000
Transfers-Out	(22,000)			(22,000)
Total Other Financing Receipts/(Disbursements)	<u>(22,000)</u>	<u>22,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(3,917)</u>	<u>49,417</u>	<u>0</u>	<u>45,500</u>
Fund Cash Balances, January 1	<u>211,564</u>	<u>76,994</u>	<u>9,192</u>	<u>297,750</u>
Fund Cash Balances, December 31	<u>\$ 207,647</u>	<u>\$ 126,411</u>	<u>\$ 9,192</u>	<u>\$ 343,250</u>
Reserves for Encumbrances, December 31	<u>\$ 2,798</u>	<u>\$ 2,549</u>	<u>\$ 0</u>	<u>\$ 5,347</u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent Fund	
Cash Receipts:					
Intergovernmental	\$ 578,630	\$	\$	\$	\$ 578,630
Taxes	670,294				670,294
Permits	37,949				37,949
Fees	58,863	9,259			68,122
Licenses		144,253			144,253
Investment Earnings		222			222
Other Receipts	78,183	6,750			84,933
Total Cash Receipts	1,423,919	160,484	0	0	1,584,403
Cash Disbursements:					
Salaries	597,434	107,120			704,554
Supplies	23,598				23,598
Insurance	165,123				165,123
Equipment	2,000				2,000
Contracts - Services	69,996				69,996
Travel	36,743				36,743
Dental Sealant Program	47,336				47,336
Advertising and printing	98				98
Medicare		979			979
Public employee's retirement	96,508				96,508
Worker's compensation	14,079				14,079
Unemployment compensation	5,946				5,946
Other	322,878	96,949			419,827
Debt Service:					
Principal Retirement			70,174		70,174
Interest and Fiscal Charges			1,053		1,053
Total Cash Disbursements	1,381,739	205,048	71,227	0	1,658,014
Total Cash Receipts Over/(Under) Cash Disbursements	42,180	(44,564)	(71,227)	0	(73,611)
Other Financing Receipts/(Disbursements):					
Transfer from County			30,453		30,453
Transfers-In	60,000	29,000	40,774		129,774
Transfers-Out	(69,774)	(60,000)		0	(129,774)
Total Other Financing Receipts/(Disbursements)	(9,774)	(31,000)	71,227	0	30,453
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	32,406	(75,564)	0	0	(43,158)
Fund Cash Balances, January 1	179,158	152,558	0	9,192	340,908
Fund Cash Balances, December 31	\$ 211,564	\$ 76,994	\$ 0	\$ 9,192	\$ 297,750
Reserves for Encumbrances, December 31	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Athens City-County General Health District, Athens County (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include inspection and licensing of food establishments, inspections of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

As required by Ohio Revised Code, the Athens County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds 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:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Funds

These funds account for receipts restricted to retiring debt held by the District. The District had the following Debt Service Fund:

Health Department Renovation Fund – This fund receives transfers from the General Health District Fund and the County General Fund for the purpose of retiring note debt issued for renovation of the District offices.

4. Permanent Fund (Trust Fund)

These funds account for resources restricted by legally binding trust agreements. The District had the following significant Permanent Fund:

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

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

A summary of 2006 and 2005 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under District's basis of accounting.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,389,109	\$1,354,250	(\$34,859)
Special Revenue	224,000	264,532	40,532
Total	\$1,613,109	\$1,618,782	\$5,673

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,544,252	\$1,360,965	\$183,287
Special Revenue	248,000	217,664	30,336
Total	\$1,792,252	\$1,578,629	\$213,623

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,423,230	\$1,483,919	\$60,689
Special Revenue	251,814	189,484	(62,330)
Debt Service	71,227	71,227	0
Total	\$1,746,271	\$1,744,630	(\$1,641)

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,591,225	\$1,451,513	\$139,712
Special Revenue	278,590	265,048	13,542
Debt Service	71,227	71,227	0
Total	\$1,941,042	\$1,787,788	\$153,254

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. The financial statements present these amounts as intergovernmental receipts.

4. RETIREMENT SYSTEM

The District'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 2005 and 2006, OPERS members contributed 8.5% and 9.0%, respectively, of their gross salaries. The District contributed an amount equal to 13.55% in 2005 and 13.7% in 2006 of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

5. RISK MANAGEMENT

Commercial Insurance

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Health:

We have audited the financial statements of the Athens City-County General Health District, Athens County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 25, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the following significant deficiency described above to be a material weakness: 2006-002.

We noted another internal control matter that we reported to the District's management in a separate letter dated October 25, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2006-001.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and the Board of Health. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 25, 2007

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Noncompliance Citation – Significant Deficiency

Ohio Rev. Code Section 9.38 provides that public money must be deposited by a public official other than a state officer, employee, or agent with the treasurer of the public office or to a designated depository on the business day following the day of receipt if the total amount exceeds \$1,000. If the amount of the daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who received this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. If the public office is governed by a legislative authority (i.e., counties, municipalities, townships, and school districts) only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period.

62.8 percent of 2005 daily collections and 88.3 percent of the 2006 daily collections were not deposited within twenty-four hours of receipt as per the District's "County Accounting Procedures" policy established in August 1997. The number of noncompliant deposits excludes Fridays where the deposit was posted by the bank within 3 days and holiday weekends where the deposits were posted by the bank within 4 days. Further, during 2006 in particular, daily receipts were consistently deposited 5 to 14 days late.

We recommend the District establish procedures to ensure that cash receipts are deposited timely and monitor employees' compliance through periodic recalculation and deposit verification.

Client Response: The District's management will take steps to ensure deposits are made according to policy.

FINDING NUMBER 2006-002

Material Weakness

Sound internal accounting control practices include adequate segregation of duties within a department or function of a government. This would include segregating the accounting functions of receiving, recording, depositing and reconciling cash receipts.

During our test for timely deposits, we noted instances where daily collections were not deposited to the bank within one business day of receipt. The breakdown is as follows:

Period	Noncompliance occurrences	Business Days	Noncompliance Rate
01/01/2005 – 12/31/2005	157	250	62.8%
01/01/2006 – 12/31/2006	211	239	88.3%
01/01/2007 – 06/04/2007	72	107	67.3%

The above occurrences consider normal weekend and holiday lapses. Upon further review, it became apparent that for the last half of 2006, daily receipts were consistently deposited 5 to 14 days late.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2006-002
(Continued)**

Material Weakness (Continued)

Based on the findings above, we expanded our testing to the beginning of the audit period and compared the total cash collected and total checks received as indicated on the duplicate receipts to the respective amounts documented on the deposit slips. At no time between January 1, 2006 and June 6, 2007 did the amount of cash collected agree to the cash deposited nor did the amount of checks collected on that day agree to the total checks deposited for that day. More specifically, we found the following inconsistencies:

- Checks received on one day were found to have been deposited to the bank one to two days prior to the date indicated on the duplicate receipt.
- Checks received on one day would not be deposited for two to four days after the date indicated on the duplicate receipt.
- The total of checks deposited would be much higher than indicated by the duplicate receipts and the cash deposited would be equally less.
- The total of checks deposited would be much less than indicated by the duplicate receipts and the cash deposited would be equally higher.
- In all cases, the components of each deposit equaled the total receipts for that day.

After interviewing staff and management, we learned there is no established change fund so the District held cash from previous days' collections in order to have change to provide customers. In these cases, checks, no matter when received, would be deposited first, supplemented with enough cash to equal what each total day's deposit should have been. Eventually, ample cash was on hand or received to allow the District to deposit more cash. At that point, checks would be held so that the total daily collections per the duplicate receipts always equaled the amount deposited however; the components of the deposits (i.e., cash, checks and money orders) will never agree to the form of payment per the duplicate receipts.

Our interviews also disclosed the fact that a "business day" runs from noon on Day 1 to noon on Day 2 even though the hours of operation run from 8 am to 4 pm. Collections between noon on Day 1 and noon on Day 2 (dated as Day 2) are counted and recorded either in the afternoon of Day 2 or, more frequently, the morning of Day 3. If the District followed policy, that daily collection would have been no later than the morning of Day 3.

While this explained the discrepancies between the amounts of checks and cash received and the amounts deposited as well as for a limited amount of late deposits, it did not explain longer lapses. In addition, if cash was over or short for the day, the difference could not be identified since receipts from several days are commingled and deposited in the manner described above.

We recommend the District discontinue the practice of cutting off a day's business at noon and account for each full business day as one day and deposit all monies received within 24 hours of collection. We further recommend the District establish a change fund which adequate enough to provide change to customers.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-002
(Continued)**

Material Weakness (Continued)

Finally, we recommend the District adopt and implement a policy requiring bookkeeping/depositing functions be rotated. The District's Administrator and/or Board should review the monthly bank reconciliations, including the validity of the computations, as well as carefully review and approve pertinent financial information, such as the cash journal, on a monthly basis, and make appropriate inquiries to help determine the continued integrity of financial information.

Client Response: The District will re-evaluate their current procedures and consider eliminating the midday cut-off as well as establishing a sufficient change fund so deposits need not be held for the purpose of making change.



Mary Taylor, CPA
Auditor of State

ATHENS CITY-COUNTY GENERAL HEALTH DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 27, 2007**