



**GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2005 & 2006**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Ashtabula County General Health District, prepared by Canter and Company, for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Ashtabula County General Health District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 19, 2008

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**GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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 General Health District, Ashtabula County, (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.

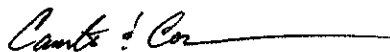
Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 (and 2005), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, 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 General Health District, Ashtabula County, 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 aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2006 and 2005. 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 January 28, 2008, 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.



Canter & Company

January 28, 2008

**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, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards	\$0	\$329,916	\$329,916
Inspection fees	91,336	46,657	137,993
Permits	0	231,693	231,693
Subdivision Assessment	725,000	0	725,000
Licenses	195,769	0	195,769
State Monies	0	93,322	93,322
Other receipts	98,736	35,288	134,024
Total Cash Receipts	<u>1,110,841</u>	<u>736,876</u>	<u>1,847,717</u>
Cash Disbursements:			
Salaries	502,071	156,813	658,884
Supplies	19,788	45,762	65,550
Remittances to State	0	89,548	89,548
Equipment	5,387	0	5,387
Contracts - Repair	7,866	0	7,866
Contracts - Services	77,023	0	77,023
Travel	72,801	0	72,801
Insurance	189,550	0	189,550
Public employee's retirement	106,658	0	106,658
Worker's compensation	8,113	0	8,113
Project Fund Expenditures	0	292,734	292,734
Other	79,728	4,261	83,989
Total Disbursements	<u>1,068,985</u>	<u>589,118</u>	<u>1,658,103</u>
Total Receipts Over/(Under) Disbursements	<u>41,856</u>	<u>147,758</u>	<u>189,614</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	14,500	14,500
Transfers-Out	(14,500)	0	(14,500)
Total Other Financing Receipts/(Disbursements)	<u>(14,500)</u>	<u>14,500</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>27,356</u>	<u>162,258</u>	<u>189,614</u>
Fund Cash Balances, January 1	<u>464,430</u>	<u>976,144</u>	<u>1,440,574</u>
Fund Cash Balances, December 31	<u><u>\$491,786</u></u>	<u><u>\$1,138,402</u></u>	<u><u>\$1,630,188</u></u>
Reserves for Encumbrances, December 31	<u><u>\$84,526</u></u>	<u><u>\$53,524</u></u>	<u><u>\$138,050</u></u>

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

**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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards	\$0	\$341,146	\$341,146
Inspection fees	132,973	63,030	196,003
Permits	0	224,833	224,833
Subdivision Assessment	675,000	0	675,000
Licenses	169,534	455	169,989
Other receipts	90,747	38,224	128,971
Total Cash Receipts	<u>1,068,254</u>	<u>667,688</u>	<u>1,735,942</u>
Cash Disbursements:			
Salaries	430,042	154,220	584,262
Supplies	20,444	45,804	66,248
Remittances to State	0	88,529	88,529
Equipment	4,829	0	4,829
Contracts - Repair	5,589	0	5,589
Contracts - Services	108,938	114	109,052
Travel	68,960	0	68,960
Insurance	13,248	0	13,248
Public employee's retirement	101,917	0	101,917
Worker's compensation	20,447	0	20,447
Project Fund Expenditures	0	343,043	343,043
Other	172,392	275	172,667
Total Disbursements	<u>946,806</u>	<u>631,985</u>	<u>1,578,791</u>
Total Receipts Over/(Under) Disbursements	<u>121,448</u>	<u>35,703</u>	<u>157,151</u>
Fund Cash Balances, January 1	<u>342,982</u>	<u>940,441</u>	<u>1,283,423</u>
Fund Cash Balances, December 31	<u>\$464,430</u>	<u>\$976,144</u>	<u>\$1,440,574</u>
Reserves for Encumbrances, December 31	<u>\$201,727</u>	<u>\$25,933</u>	<u>\$227,660</u>

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

**GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Empowered by Section 3709.01, Revised Code, the General Health District, Ashtabula County (the 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 General Health District, Ashtabula County, 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 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 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.

**GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

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 accounts 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:

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 grant monies. The monies are used for the prevented care of children.

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

Public Health Nursing Fund – This fund receives fees for providing nursing services to the public, such as immunizations and physical testing and their related expenses.

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, 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.

**GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

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 re-appropriated.

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

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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	\$1,144,300	\$1,110,841	(\$33,459)
Special Revenue	491,606	751,376	259,770
Total	\$1,635,906	\$1,862,217	\$226,311

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

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,356,802	\$1,168,011	\$188,791
Special Revenue	1,017,453	642,642	374,811
Total	<u>\$2,374,255</u>	<u>\$1,810,653</u>	<u>\$563,602</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,094,300	\$1,068,254	(\$26,046)
Special Revenue	491,426	667,688	176,262
Total	<u>\$1,585,726</u>	<u>\$1,735,942</u>	<u>\$150,216</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,284,490	\$1,148,533	\$135,957
Special Revenue	694,977	657,918	37,059
Total	<u>\$1,979,467</u>	<u>\$1,806,451</u>	<u>\$173,016</u>

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 if received.

4. RETIREMENT SYSTEM

The General Health District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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.

**GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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(Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, OPERS members contributed 8.5 percent of their gross salaries. The General Health District contributed an amount equal to 13.55 percent. The District has paid all contributions required through December 31, 2006.

5. RISK MANAGEMENT

Risk Pool Membership

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 casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, 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-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 local government.

**GENERAL HEALTH DISTRICT
ASHTABULA COUNTY**

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

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, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	\$15,122,127	\$13,725,507

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	\$4,262,163	\$3,375,087



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

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

To the Members of the Board:

We have audited the financial statements of the of the General Health District, (the District) as of and for the years ended December 31, 2005 and 2006 and have issued our report thereon dated January 28, 2008, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

General Health District
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Report on Internal Control Over Financial
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated January 28, 2008.

This report is intended solely for the information and use of management and the Board Members and is not intended to be and should not be used by anyone other than these specified parties.

CANTER & COMPANY



Youngstown, Ohio
January 28, 2008



Mary Taylor, CPA
Auditor of State

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
APRIL 1, 2008**