



Dave Yost • Auditor of State

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

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Dave Yost • 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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Dave Yost
Auditor of State

June 17, 2011

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Dave Yost • 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, 2010 and 2009. 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 presenting 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, 2010 and 2009 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, 2010 and 2009 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, 2010 and 2009, 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 June 17, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 17, 2011

**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, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	
Cash Receipts:				
Intergovernmental	\$ 224,446	\$ 452,458	\$	\$ 676,904
Taxes	717,700			717,700
Permits	24,906			24,906
Fees	83,822	43,467		127,289
Licenses	650	289,278		289,928
Investment Earnings		67		67
Other Receipts	100,566	3,155		103,721
Total Cash Receipts	<u>1,152,090</u>	<u>788,425</u>	<u>0</u>	<u>1,940,515</u>
Cash Disbursements:				
Salaries	616,919	160,728		777,647
Supplies	53,280			53,280
Insurance	188,656			188,656
Settlements	19,014			19,014
Equipment	2,768			2,768
Contracts - Services	63,077			63,077
Travel	18,704			18,704
Program Expenditures		218,539		218,539
Advertising and printing	2,579			2,579
Medicare	7,139	1,864		9,003
Public employee's retirement	108,648			108,648
Worker's compensation	5,205			5,205
Utilities	27,788			27,788
Election Expense	14,360			14,360
Health		57,500		57,500
Certifications		29,850		29,850
Other	71,213	15,368		86,581
Total Cash Disbursements	<u>1,199,350</u>	<u>483,849</u>	<u>0</u>	<u>1,683,199</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(47,260)</u>	<u>304,576</u>	<u>0</u>	<u>257,316</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		11,000		11,000
Transfers-Out	(11,000)			(11,000)
Total Other Financing Receipts/(Disbursements)	<u>(11,000)</u>	<u>11,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(58,260)</u>	<u>315,576</u>	<u>0</u>	<u>257,316</u>
Fund Cash Balances, January 1	<u>293,625</u>	<u>496,311</u>	<u>9,192</u>	<u>799,128</u>
Fund Cash Balances, December 31	<u>\$ 235,365</u>	<u>\$ 811,887</u>	<u>\$ 9,192</u>	<u>\$ 1,056,444</u>
Reserves for Encumbrances, December 31	<u>\$ 307</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 307</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, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	
Cash Receipts:				
Intergovernmental	\$ 215,341	\$ 469,272	\$	\$ 684,613
Taxes	615,722			615,722
Permits	44,276			44,276
Fees	91,461	60,983		152,444
Licenses	500	215,561		216,061
Investment Earnings		148		148
Other Receipts	106,167			106,167
	<u>1,073,467</u>	<u>745,964</u>	<u>0</u>	<u>1,819,431</u>
Total Cash Receipts	1,073,467	745,964	0	1,819,431
Cash Disbursements:				
Salaries	514,754	268,444		783,198
Supplies	24,939			24,939
Insurance	177,604			177,604
Settlements	19,831			19,831
Equipment	18,049			18,049
Contracts - Services	63,084			63,084
Travel	15,007	1,776		16,783
Program Expenditures		232,938		232,938
Advertising and printing	695			695
Utilities	23,638			23,638
Medicare	7,320			7,320
Public employee's retirement	114,135			114,135
Worker's compensation	1,335			1,335
Certifications		35,882		35,882
Other	74,844	73,275		148,119
	<u>1,055,235</u>	<u>612,315</u>	<u>0</u>	<u>1,667,550</u>
Total Cash Disbursements	1,055,235	612,315	0	1,667,550
Total Cash Receipts Over/(Under) Cash Disbursements	18,232	133,649	0	151,881
Other Financing Receipts/(Disbursements):				
Transfers-In		30,000		30,000
Transfers-Out	(30,000)			(30,000)
	<u>(30,000)</u>	<u>30,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	(30,000)	30,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,768)	163,649	0	151,881
Fund Cash Balances, January 1	305,393	332,662	9,192	647,247
Fund Cash Balances, December 31	\$ 293,625	\$ 496,311	\$ 9,192	\$ 799,128
Reserves for Encumbrances, December 31	\$ 208	\$ 0	\$ 0	\$ 208

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, 2010 AND 2009**

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, Ohio (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. Accounting Basis

These financial statements follow the accounting basis 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

As required by the Ohio Revised Code, the Athens County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Public Health Emergency Preparedness Fund – This fund receives grant monies whose use is restricted to a particular purpose.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the District's programs. 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, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures 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 District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 2.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,087,971	\$1,152,090	\$64,119
Special Revenue	801,976	799,425	(2,551)
Total	\$1,889,947	\$1,951,515	\$61,568

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,423,619	\$1,210,657	\$212,962
Special Revenue	810,477	483,849	326,628
Total	\$2,234,096	\$1,694,506	\$539,590

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$964,691	\$1,073,467	\$108,776
Special Revenue	781,488	775,964	(5,524)
Total	\$1,746,179	\$1,849,431	\$103,252

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,344,585	\$1,085,443	\$259,142
Special Revenue	745,059	612,315	132,744
Total	\$2,089,644	\$1,697,758	\$391,886

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

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 employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

5. Risk Management

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.

6. Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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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 Athens City-County General Health District, Athens County, Ohio (the District), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 17, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 17, 2011.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 17, 2011

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Material Weakness – Misposting of receipts and expenditures	No	Partially Corrected; Repeated in the current Management Letter.

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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
JULY 19, 2011**