



**Auditor of State  
Betty Montgomery**



**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Jackson County Combined General Health District  
Jackson County  
200 East Main Street  
Jackson, Ohio 45640

To Members of the Board:

We have audited the accompanying financial statements of the Jackson County Combined General Health District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001. 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 discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Jackson County Combined General Health District, Jackson County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 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.

Jackson County Combined General Health District  
Jackson County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

May 14, 2003

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency Fund</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$191,982	\$	\$	\$191,982
Intergovernmental	159,767	93,832		253,599
Permits	26,455	855		27,310
Fees	26,159	3,259		29,418
Licenses		100,345		100,345
Contractual services	231,995	219,933		451,928
Investment earnings		372		372
Other receipts	10,965	1,427		12,392
Total Cash Receipts	<u>647,323</u>	<u>420,023</u>	<u>0</u>	<u>1,067,346</u>
<b>Cash Disbursements:</b>				
Salaries	427,086	195,022		622,108
Supplies	27,701	14,757		42,458
Remittances to State		121,882		121,882
Equipment	9,890	11,438		21,328
Contracts - Repair	317			317
Contracts - Services	4,755	5,272		10,027
Travel	23,388	7,340		30,728
Utilities and rentals		11,364		11,364
Advertising and printing	3,471			3,471
Public employee's retirement	52,319	19,425		71,744
Worker's compensation	3,174	291		3,465
Other	77,908	33,497		111,405
Total Cash Disbursements	<u>630,009</u>	<u>420,288</u>	<u>0</u>	<u>1,050,297</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>17,314</u>	<u>(265)</u>	<u>0</u>	<u>17,049</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Nonoperating Receipts			490,635	490,635
Other Nonoperating Disbursements			(442,051)	(442,051)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>48,584</u>	<u>48,584</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,314	(265)	48,584	65,633
Fund Cash Balances, January 1	<u>84,102</u>	<u>191,476</u>	<u>74,604</u>	<u>350,182</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$101,416</u></b>	<b><u>\$191,211</u></b>	<b><u>\$123,188</u></b>	<b><u>\$415,815</u></b>

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

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency Fund</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$165,321	\$	\$	\$165,321
Intergovernmental	146,698	25,000		171,698
Permits	28,933	525		29,458
Fees	20,862	2,145		23,007
Licenses		102,709		102,709
Contractual services	414,619	30,956		445,575
Investment earnings		2,345		2,345
Other receipts	8,910	6,484		15,394
<b>Total Cash Receipts</b>	<b>785,343</b>	<b>170,164</b>	<b>0</b>	<b>955,507</b>
<b>Cash Disbursements:</b>				
Salaries	547,745	47,080		594,825
Supplies	19,007	329		19,336
Remittances to State		62,744		62,744
Equipment	3,420	4,806		8,226
Contracts - Repair	771			771
Contracts - Services	5,019	383		5,402
Travel	27,200	2,782		29,982
Utilities and rentals		3,392		3,392
Advertising and printing	2,255			2,255
Public employee's retirement	61,266	2,505		63,771
Worker's compensation	11,899	1,251		13,150
Other	76,203	12,107		88,310
<b>Total Cash Disbursements</b>	<b>754,785</b>	<b>137,379</b>	<b>0</b>	<b>892,164</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>30,558</b>	<b>32,785</b>	<b>0</b>	<b>63,343</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Reimbursements	4,247			4,247
Other Nonoperating Receipts			309,001	309,001
Other Nonoperating Disbursements			(271,459)	(271,459)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>4,247</b>	<b>0</b>	<b>37,542</b>	<b>41,789</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>34,805</b>	<b>32,785</b>	<b>37,542</b>	<b>105,132</b>
<b>Fund Cash Balances, January 1 (Restated-Note 8)</b>	<b>49,297</b>	<b>158,691</b>	<b>37,062</b>	<b>245,050</b>
<b>Fund Cash Balances, December 31</b>	<b>\$84,102</b>	<b>\$191,476</b>	<b>\$74,604</b>	<b>\$350,182</b>

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



**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Jackson County Combined General Health District, Jackson 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 operates under an appointed six member Board and is responsible for the administration of all health programs established by the Revised Code, the Ohio Department of Health, and the Public Health Council. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing and home health aide services and issues health-related licenses and permits.

Additionally, the District serves as the administrative and fiscal agent of the Jackson County Family and Children First Council. The activities of the Family and Children First Council are reported as an Agency Fund within the Financial Statements.

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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

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

**D. Fund Accounting**

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

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Solid Waste Fund* – This fund receives grant funds from a local solid waste district for landfill inspections, as well as fees for solid waste landfill licenses.

*Help Me Grow (HMG) Fund* – This fund receives monies for providing contracted services to qualifying clients of the Jackson County Family and Children First Council.

**3. Agency Fund**

This fund is used to account for the resources and activities of legally separate entities for which the District is acting in an agency capacity. The District had the following Agency Fund:

*The Jackson County Family and Children First Council Fund* – This fund received grant monies for the provision of services to children and families.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 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.

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Accumulated Leave**

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

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$573,052	\$647,323	\$74,271
Special Revenue	278,404	420,023	141,619
Total	<u>\$851,456</u>	<u>\$1,067,346</u>	<u>\$215,890</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$696,584	\$630,009	\$66,575
Special Revenue	790,765	420,288	370,477
Total	<u>\$1,487,349</u>	<u>\$1,050,297</u>	<u>\$437,052</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,060,731	\$789,590	(\$271,141)
Special Revenue	126,385	170,164	43,779
Total	<u>\$1,187,116</u>	<u>\$959,754</u>	<u>(\$227,362)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,161,408	\$754,785	\$406,623
Special Revenue	249,420	137,379	112,041
Total	<u>\$1,410,828</u>	<u>\$892,164</u>	<u>\$518,664</u>

Contrary to Ohio law, appropriations exceeded estimated resources in the Food Service Fund for the year ended December 31, 2001 by \$1,467; and the Help Me Grow Fund for the year ended December 31, 2002 by \$321,069.

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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. These amounts are included in intergovernmental receipts in the financial statements.

The County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The levy generated \$191,982 in 2002 and \$165,321 in 2001. These amounts are included as Property Taxes in the financial statements.

**4. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance, life insurance and dental and vision coverage to full-time employees through a commercial carrier.

**6. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. 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

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RELATED PARTY TRANSACTIONS**

The executive director of the Gallia, Jackson, Meigs, and Vinton Solid Waste District was appointed to the Board of Health by the licensing council in April, 2002. The Solid Waste District provided \$25,000 in 2001 and \$25,000 in 2002 in financial assistance for solid waste landfill licensing and inspection activities according to a contract between the Jackson County Combined General Health District and the Solid Waste District entered into prior to April, 2002.

The Jackson County Combined General Health District Serves as administrative and fiscal agent for the Jackson County Family and Children First Council. The District also provides contract services to the Family and Children First Council (FCFC) for various programs of the FCFC. The FCFC paid the District \$219,933 in 2002 and \$23,055 in 2001 for services rendered.

**8. PRIOR PERIOD RESTATEMENT**

The following restatements resulted from unrecorded transactions of the Family and Children First Council during 2000.

	<u>General Fund</u>	<u>Special Revenue Fund Type</u>	<u>Agency Fund</u>
Fund cash balances originally stated, December 31, 2000	\$54,318	\$144,373	\$46,359
Prior Period adjustment	<u>(5,021)</u>	<u>14,318</u>	<u>(9,297)</u>
Restated fund cash balances, January 1, 2001	<u>\$49,297</u>	<u>\$158,691</u>	<u>\$37,062</u>

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**Auditor of State  
Betty Montgomery**

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

Jackson County Combined General Health District  
Jackson County  
200 East Main Street  
Jackson, Ohio 45640

To Members of the Board:

We have audited the accompanying financial statements of the Jackson County Combined General Health District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 14, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-60740-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated May 14, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2002-002.

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 an amount 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 14, 2003.

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

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

**Betty Montgomery**  
Auditor of State

May 14, 2003



**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-001**

**Noncompliance Citation**

Ohio Rev. Code Section 3709.28 requires that appropriations not exceed estimated resources as submitted to the County Budget Commission.

The appropriations of the Food Service Fund exceeded estimated resources by \$1,467 at January 31, 2001. Appropriations exceeded estimated resources by \$371,489 and \$321,069 in the Help Me Grow Fund at September 30, 2002 and December 21, 2002 respectively.

We recommend management more closely monitor estimated receipts versus appropriations to ensure that appropriations do not exceed estimated resources as submitted to the County Budget Commission.

**FINDING NUMBER 2002-002**

**Material Weakness**

The Board of Health serves as the Administrative/Fiscal Agent of the Jackson County Family and Children First Council. During 2001 and 2002, the receipts and disbursements of the Jackson County Family and Children First Council were commingled with monies of the Jackson County Combined General Health District. This resulted in management's inability to easily determine the cash balance of the funds of the District and the cash balance that belonged to the Family and Children First Council. The activities of the Family and Children First Council had to be adjusted out of the activities of the District and into a separate Agency Fund on the financial statements. Further, by commingling the activity of the Family and Children First Council within the Funds of the Jackson County Combined General Health District, management's ability to adequately monitor the District's budgetary position and prepare accurate financial reports was hampered.

We recommend the District maintain separation of the monies of the Jackson County Family and Children First Council and the Jackson County Combined General Health District. The Health District should refer to Auditor of State Bulletin 1998-007 for recommended record keeping by Family and Children First Council fiscal agents.

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-60740-001	Agency fund activities were commingled with District activities.	No	An Agency Fund was established. However, activities of the agency fund were still commingled with activities of the District. See finding 2002-002.



**Auditor of State  
Betty Montgomery**

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**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT**

**JACKSON 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 1, 2003**