



**Auditor of State
Betty Montgomery**

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Cuyahoga County District Board of Health
Cuyahoga County
5550 Venture Drive
Parma, Ohio 44130

We have audited the accompanying financial statements of the Cuyahoga County District Board of Health, Cuyahoga County, Ohio, (the District) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statements on 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 and reserves for encumbrances of the Cuyahoga County District Board of Health, Cuyahoga County, Ohio, as of December 31, 2003, 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 June 14, 2004 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.

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees, 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

June 14, 2004

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>
Cash Receipts:				
Cities, Villages, and Townships Revenue	\$2,571,528			\$2,571,528
Intergovernmental	429,808			429,808
Permits - Environmental Division	709,420			709,420
Fees - Environmental Division	607,617			607,617
Licenses - Environmental Division	1,772,764			1,772,764
Contractual services - Nursing Division	1,281,819			1,281,819
Grants - Federal and Private	248,871	\$5,395,676		5,644,547
Charges for Services	911,900			911,900
Reimbursements	20,840			20,840
Miscellaneous	23,338			23,338
Total Cash Receipts	8,577,905	5,395,676	0	13,973,581
Cash Disbursements:				
Salaries	5,256,563			5,256,563
Public Employee's Retirement and Other Benefits	788,737			788,737
Flex Benefits	684,456			684,456
Unemployment Compensation	3,075			3,075
Worker's Compensation	40,980			40,980
Supplies	210,526			210,526
Equipment	114,602			114,602
Contracts/Services	276,681		5,300,000	5,576,681
Travel and Expenses	177,309			177,309
Advertising and printing	65,779			65,779
Project Expenditures - Federal and Private		5,403,287		5,403,287
Statutory Administrative Fees	149,055			149,055
Miscellaneous	108,955			108,955
Total Disbursements	7,876,718	5,403,287	5,300,000	18,580,005
Total Receipts Over/(Under) Disbursements	701,187	(7,611)	(5,300,000)	(4,606,424)
Other Financing Receipts/(Disbursements):				
Transfers-In		128,771	5,300,000	5,428,771
Transfers-Out	(4,343,771)	(85,000)	0	(4,428,771)
Total Other Financing Receipts/(Disbursements)	(4,343,771)	43,771	5,300,000	1,000,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,642,584)	36,160	0	(3,606,424)
Fund Cash Balances, January 1, 2003	4,639,805	750,023	0	5,389,828
Fund Cash Balances, December 31, 2003	\$997,221	\$786,183	\$0	\$1,783,404
Reserves for Encumbrances, December 31, 2003	\$920	\$0	\$0	\$920

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

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Agency Fund
Cash Receipts:	
Nursing Division Immunizations	\$148,501
Reimbursements	79,862
	<u>228,363</u>
Total Cash Receipts	228,363
Cash Disbursements:	
NCB Account	143,746
Health Insurance	76,175
	<u>219,921</u>
Total Disbursements	219,921
Total Receipts Over/(Under) Disbursements	8,442
Other Financing Receipts/(Disbursements):	
Transfers-In	0
Transfers-Out	(1,000,000)
	<u>(1,000,000)</u>
Total Other Financing Receipts/(Disbursements)	(1,000,000)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(991,558)
Fund Cash Balance, January 1, 2003	1,023,684
	<u>1,023,684</u>
Fund Cash Balance, December 31, 2003	<u><u>\$32,126</u></u>

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

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Cuyahoga County District Board of Health, Cuyahoga County, Ohio (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 (general health) administers and enforces, within its jurisdiction, all public health and sanitation laws of the State of Ohio. The District provides public health services for the prevention or restriction of disease. In addition to the required programs, the District adopts regulations and provides programs to enable residents of the district to live in a healthy and environmentally safe community. The District is comprised of 35 cities, 19 villages and two townships within Cuyahoga County representing 815,000 residents. The five member Board of Trustees is appointed by the District Advisory Council which consists of the President of the Board of County Commissioners, the chief executive of each municipal corporation not constituting a city health district and the chairman of the board of township trustees of each township. The District appoints the Health Commissioner and can hire and fix compensation of employees. The District is dependent upon the County to provide facilities and legal counsel and act as custodian for its funds. The budget is approved by the District which is responsible for fiscal management through its authority to enter into contracts and prepare financial reports. The District is not part of the reporting entity of the County of Cuyahoga.

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. 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 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 or to be accounted for in another fund.

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

Wellness Block Grant Fund – This fund is used to account for reducing out of wedlock pregnancies within the target population of male and female youths between the ages of 14 to 21 in targeted areas within Cuyahoga County.

Breast and Cervical Cancer Grant Fund – This fund is used to account for federal grants for the prevention of breast and cervical cancer.

Preventative Health Grant Fund – This fund is used to account for federal grants used to provide education and awareness related to cardiovascular health disease to African American and Hispanic males ages 18 to 54 in targeted areas within Cuyahoga County.

Lead Based Paint Hazard Control in Housing Fund – This fund is used to account for the encouragement of effective action to prevent childhood lead poisoning by establishing a workable framework for lead-based paint hazard identification and control.

Immunization Action Plan Fund – This fund is used to account for the reduction and ultimate elimination of vaccine preventable diseases.

Public Health Infrastructure Grant - This fund is used to increase public health response and capacity regarding infectious disease, acts of bio-terrorism and other major public health events.

Tobacco Reduction Initiative Grants - These funds are used for the prevention and reduction of tobacco use.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The District had the following significant Capital Projects Fund:

New Building Fund – This fund is used to account for transfers-in which ultimately were disbursed to an escrow account to pay for the cost of constructing the District's new facility.

4. Agency Funds

The fund for which the District is acting in an agency capacity is classified as an Agency Fund. The District has the following significant Agency Funds:

Trust and Agency Fund – This fund is used to account for payroll deductions from employees for their health insurance co-payments that are then paid to the health insurance carrier.

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Agency Funds (Continued)

National City Bank Account Fund (Agency Fund) – This fund is used to account for immunization shots administered by the Districts' Nursing Health Services.

E. Budgetary Process

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) should 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. The County Budget Commission also approves estimated resources.

3. Encumbrances

The District reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2003 budgetary activity appears in Note 3.

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.

H. Total Columns

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

2. EQUITY IN POOLED CASH

As required by Ohio Revised Code, the Cuyahoga County Auditor is the fiscal agent of the District. The District's cash pool, used by all funds, is deposited with the Cuyahoga County Treasurer. The cash pool is commingled with Cuyahoga County's cash and investment pool and is not identifiable as to demand deposits or investments. All collections are remitted to the Cuyahoga County Treasurer for deposit and all disbursements are made by warrants prepared by the Cuyahoga County Auditor drawn on deposits held in the name of Cuyahoga County. GASB 3 requirements for the County of Cuyahoga are presented in the December 31, 2003 Comprehensive Annual Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Cuyahoga County Treasurer at December 31, 2003 was \$1,789,273. The District also had fully collateralized immunization checking account with a year-end balance of \$25,607 and petty cash amounting of \$650.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,563,376	\$8,577,905	\$14,529
Special Revenue	5,332,031	5,524,447	192,416
Capital Projects	5,300,000	5,300,000	0
Total	<u>\$19,195,407</u>	<u>\$19,402,352</u>	<u>\$206,945</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$13,149,296	\$12,221,409	\$927,887
Special Revenue	5,363,276	5,488,287	(125,011)
Capital Projects	5,300,000	5,300,000	0
Total	<u>\$23,812,572</u>	<u>\$23,009,696</u>	<u>\$802,876</u>

4. SUBDIVISION REVENUE

The cities, villages and townships that receive services from the District contribute to the operations of the District. The County Auditor assesses each subdivision their share of the operating cost, which is calculated by the District, through property tax collections. When the County Auditor disburses property tax to the subdivision, the appropriate deduction is made on the subdivision settlement and transmitted to the District.

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)**

5. RETIREMENT SYSTEM

The 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, PERS members of OPERS 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, 2003.

6. 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 provides health insurance and dental and vision coverage to employees through a private carrier.

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**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	EXPENDITURES
U.S. Department of Health and Human Services			
<i>Passed Through the State Department of Health:</i>			
02/03 Breast & Cervical Cancer Project	93.919	18-1-01-2-AE-03	\$139,005
03/04 Breast & Cervical Cancer Project	93.919	18-1-01-2-AE-04	119,969
			<u>258,974</u>
02/03 Tobacco Prevention	93.283	18-1-001-2-CJ-02	3,861
02/03 Public Health Infrastructure	93.283	18-1-001-2-BI-03	627,823
03/04 Public Health Infrastructure	93.283	18-1-001-2-BI-04	63,067
			<u>694,751</u>
2002 STD Control Program	93.977	18-1-001-2-BX-03	6,851
2003 STD Control Program	93.977	18-1-001-2-BX-04	105,574
			<u>112,425</u>
2002 Immunization Action Plan	93.268	18-1-001-2-AZ-02	50,847
2003 Immunization Action Plan	93.268	18-1-001-2-AZ-03	365,460
			<u>416,307</u>
01/02 OPTIONS Regional Referral	93.994	18-1-001-2-BL-02	279
02/03 OPTIONS Regional Referral	93.994	18-1-001-2-BL-03	70,055
03/04 OPTIONS Regional Referral	93.994	18-1-001-2-BL-04	39,298
			<u>109,632</u>
2001 Cardiovascular Health	93.991	18-1-001-2-ED-01	2,035
2002 Cardiovascular Health	93.991	18-1-001-2-ED-02	75,228
2003 Cardiovascular Health	93.991	18-1-001-2-ED-03	230,917
			<u>308,180</u>
02/03 CDC Lead Program	93.197	18-1-001-2-BD-03	40,470
03/04 CDC Lead Program	93.197	18-1-001-2-BD-04	14,663
			<u>55,133</u>
U.S. Department of Health and Human Services			
<i>Passed Through the Food and Drug Administration</i>			
Food Safety Education Through Quality Assurance	93.245	FD-R-002294-01	6,961
			<u>6,961</u>
Total U.S. Department of Health and Human Services			1,962,363
U.S. Department of Housing and Urban Development			
<i>Direct</i>			
02/04 Lead-Based Paint Hazard In Housing	14.900	N/A	816,888
<i>Passed Through the Cuyahoga County Department of Development</i>			
Mold and Moisture	14.900	N/A	61,374
			<u>61,374</u>
Total U.S. Department of Housing and Urban Development			878,262
National Oceanic and Atmospheric Association (NOAA)			
<i>Passed Through the State Department of Natural Resources</i>			
Coastal Nonpoint Pollution Control Program	11.349	N/A	7,915
			<u>7,915</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$2,848,540</u>

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2003**

NOTE A— SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and non-Profit Organizations*.

NOTE B— SUBRECIPIENTS

The Government passes-through certain Federal assistance received from the Ohio Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the District records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Government is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C— MATCHING REQUIREMENTS

Certain Federal programs require that the Government contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

N/A – not applicable.

CFDA – Catalog of Federal domestic Assistance.



Auditor of State Betty Montgomery

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

Board of Trustees
Cuyahoga County District Board of Health
Cuyahoga County
5550 Venture Drive
Parma, Ohio 44130

We have audited the financial statements of the Cuyahoga County District Board of Health, Cuyahoga County, Ohio, (the District) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 14, 2004. We conducted our audit in accordance with auditing standards generally accepted by 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 June 14, 2004.

Cuyahoga County District Board of Health
Cuyahoga County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 14, 2004



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Cuyahoga County District Board of Health
Cuyahoga County
5550 Venture Drive
Parma, Ohio 44130

Compliance

We have audited the compliance of Cuyahoga County District Board of Health, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2003-001, 2003-002 and 2003-003.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other certain matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in separate letter dated June 14, 2004.

This report is intended solely for the information and use of management, the Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 14, 2004

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Lead Based Paint Hazard in Housing CFDA # 14.900 Public Health Infrastructure CFDA # 93.283 Cardiovascular Health CFDA # 93.991
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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1. Title of Finding: Period of Availability

Finding Number	2003-001
CFDA Title and Number	Public Health Infrastructure, CFDA # 93.283
Federal Award Number / Year	18-001-2-BI-03 / 8/31/02 through 8/30/03
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	State Department of Health

The Cuyahoga County District Board of Health (the District) annually receives federal grants to fund and facilitate various health programs in the communities it serves. One such grant is a grant for public health infrastructure. The grant is passed through the Ohio Department of Health. The Ohio Department of Health imposes various requirements on its recipients, including a requirement that all obligated funds be liquidated within 45 days of the end of the grant period (period of availability). Four expenditures against this grant occurred outside of the period of availability. However, these same four expenditures were reported as liquidated on the District's final expenditure report. These items were for Phase 1 Smallpox, totaling \$15,324. Failing to liquidate funds within the period of availability may require the grantee to return unexpended funds to the Ohio Department of Health. Additionally, failing to report accurate information on the District's final expenditure report increases certain financial risk and non-compliance with federal financial reporting practices.

Based on these facts, the amount of \$15,324 is questioned.

We recommend the District liquidate all funds within the period of availability in accordance with the requirements of the grant. When it becomes apparent that such a requirement can not be met, the District should make a request for an extension to liquidate the funds. This request and response from the grantor should be in writing and maintained for audit purposes.

2. Title of Finding: Suspended or Debarred Parties

Finding Number	2003-002
CFDA Title and Number	Lead-Based Paint Hazard in Housing CFDA # 14.900
Federal Award Number / Year	OHLHB0190-01 02/04
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	None

Per 24 CFR 24.105, 24.110 and 24.510, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all nonprocurement transactions (e.g., subawards to sub-recipients).

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003
(CONTINUED)**

2. Title of Finding: Suspended or Debarred Parties (Continued)

Contractors receiving individual awards for \$100,000 or more and all sub-recipients must certify that the organization and its principals are not suspended or debarred. The non-federal entities may rely upon the certification unless it knows that the certification is erroneous. Non-federal entities may, but are not required to, check for suspended and debarred parties which are listed in the *List of Parties Excluded From Federal Procurement or Nonprocurement Programs*, issued by the General Services Administration (GSA).

During fiscal year 2003, the District entered into a sub-recipient agreement with Cuyahoga County in the amount of \$1,847,798 and did not require Cuyahoga County to complete documentation certifying that the entity, or its principals, were not suspended or debarred. Therefore, the District could have entered into a contract with an entity, or its principals, that is suspended or debarred.

We recommend the District require all applicable contractors provide signed documentation certifying that they are not suspended or debarred.

3. Title of Finding: Sub-recipient Monitoring

Finding Number	2003-003
CFDA Title and Number	Lead-Based Paint Hazard in Housing CFDA# 14.900
Federal Award Number / Year	OHLHB0190-01 02/04
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	None

According to the A-102 common Rule (24 CFR 85.37 and 85.40(a)), OBM Circular A-110 (24 CFR 84.50(a)), Federal awarding program regulations, and terms and conditions of the award, the requirements for sub-recipient monitoring include ensuring required audits are performed and requiring the sub-recipient to take prompt corrective action on any audit findings.

During our review of Lead Based Paint Hazard in Housing Grant, we noted that the District entered into a sub-recipient agreement with Cuyahoga County in the amount of \$1,847,798. The District did not review the sub-recipient's A-133 audit, program's specific results or any audit findings and respective corrective action plan. Failing to review the sub-recipient's A-133 audit increases the risk that there may be conditions that affect the sub-recipient's ability to comply with applicable federal regulations.

We recommend the District obtain the sub-recipient's A-133 audit report and that a timely follow-up be performed on any audit findings or questioned costs.

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**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 Section .315c
DECEMBER 31, 2003**

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPETION DATE	RESPONSIBLE CONTACT PERSON
2003-001	District to coordinate with Ohio Department of Health on liquidation of funds within period of availability	December 31, 2004	Judy Wirsching
2003-002	District will ascertain whether Cuyahoga County is a suspended or debarred party.	December 31, 2004	Judy Wirsching
2003-003	District will obtain the subrecipient's single audit report and perform follow-up on any audit findings.	December 31, 2004	Judy Wirsching



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CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH

CUYAHOGA 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 20, 2004**