



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Washington County
342 Muskingum Drive
Marietta, Ohio 45750

To the Board of Health:

We have audited the accompanying financial statement of the District Board of Health, Washington County, Ohio (the District), as of and for the year ended December 31, 2003. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District Board of Health, Washington County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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 statement. We subjected this information to the auditing procedures applied in the audit of the financial statement. In our opinion, it is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

This report is intended solely for the information and use of management, the Board of Health, and other officials authorized to receive this report under Section 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

September 28, 2004

**DISTRICT BOARD OF HEALTH
WASHINGTON 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>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards	\$	\$ 409,366	\$ 409,366
Intergovernmental	212,180	17,000	229,180
Inspection fees	16,525		16,525
Permits	33,975	2,600	36,575
Other fees	14,919	122,439	137,358
Licenses	7,200	2,410	9,610
Contractual services	129,286	92,981	222,267
Other receipts	1,457	50	1,507
Total Cash Receipts	<u>415,542</u>	<u>646,846</u>	<u>1,062,388</u>
Cash Disbursements:			
Salaries	194,331	272,517	466,848
Fringe Benefits	97,492	31,168	128,660
Supplies	8,749	37,352	46,101
Remittances to State		7,217	7,217
Equipment	13,192	37,999	51,191
Contracts - Services	1,200	130,161	131,361
Travel	19,118	11,492	30,610
Advertising and printing	872		872
Other	15,888	42,520	58,408
Total Cash Disbursements	<u>350,842</u>	<u>570,426</u>	<u>921,268</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>64,700</u>	<u>76,420</u>	<u>141,120</u>
Other Financing Receipts/(Disbursements):			
Advances-In	32,655	32,655	65,310
Advances-Out	(32,655)	(32,655)	(65,310)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>64,700</u>	<u>76,420</u>	<u>141,120</u>
Fund Cash Balances, January 1	<u>35,088</u>	<u>120,815</u>	<u>155,903</u>
Fund Cash Balances, December 31	<u>\$ 99,788</u>	<u>\$ 197,235</u>	<u>\$ 297,023</u>
Reserves for Encumbrances, December 31	<u>\$ 10,776</u>	<u>\$ 14,080</u>	<u>\$ 24,856</u>

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

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**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Washington 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 is directed by a five-member Board and a Health Commissioner. The District provides services that include referrals to the Bureau of Crippled Children Services Program, communicable disease investigations, immunization clinics, inspections, public health nursing services, birth and death certificates and health-related licenses and permits.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Basis of Accounting

This financial statement follows 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).

This statement includes 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 that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Public Health Nursing Fund - This fund receives monies from Immunization Clinics, Well Child Clinics, as well as, a pediatric grant to provide nursing services to the County.

Cardiovascular Health Fund - This fund receives federal grant monies to inform the public about cardiovascular health.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Public Health Infrastructure – This fund receives federal grant monies to enable the District to address bio-terrorism, outbreaks of infectious disease, and other public health threats and emergencies at the county and regional public health level.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 District must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 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 statement.

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 the District's basis of accounting.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

2. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 410,569	\$ 415,542	\$ 4,973
Special Revenue	604,924	646,846	41,922
Total	\$ 1,015,493	\$ 1,062,388	\$ 46,895

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 408,700	\$ 361,618	\$ 47,082
Special Revenue	688,243	584,506	103,737
Total	\$ 1,096,943	\$ 946,124	\$ 150,819

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.

4. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, 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 employer contributions required through December 31, 2003.

5. RISK MANAGEMENT

The District is insured through Washington County for the following risks:

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

The District also provides health and life insurance coverage to employees through a private carrier.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

6. LEASE AGREEMENTS

The District entered into lease agreements during 2003 for three 2004 Chrysler Sebrings and a 2004 Honda CRV. The Sebrings are financed through Pioneer Chevrolet-Cadillac and the CRV is financed through Honda Finance. The Sebrings are financed over three years and the CRV is financed over four years. The scheduled payments under these lease obligations are as follows:

Year Ended December 31	Chrysler Sebrings	Honda CRV
2004	\$ 10,932	\$ 3,432
2005	10,933	3,432
2006	7,289	3,432
2007	<u>2,288</u>	<u>2,288</u>
Total Minimum Lease Payments	29,154	12,584
Less: Amount Representing Interest	<u>(4,330)</u>	<u>(3,777)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 24,824</u>	<u>\$ 8,807</u>

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct from Federal Government:</i>			
Medicare - Supplementary Medical Insurance	93.774	N/A	\$ 9,526
<i>Passed-through Ohio Department of Job and Family Services:</i>			
Medical Assistance Program	93.778	N/A	24,850
<i>Passed-through Ohio Department of Health:</i>			
Centers for Disease Control and Prevention - Investigations and Technical Assistance (Public Health Infrastructure)	93.283	84-1-001-2-BI-03 84-1-001-2-BI-04	121,542 73,760
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance			<u>195,302</u>
Preventive Health and Health Sevices Block Grant	93.991	84-1-001-2-ED-03	109,435
Maternal and Child Health Services Block Grant to the States	93.994	84-1-001-1-AJ-03	<u>22,000</u>
Total United States Department of Health and Human Services			<u>361,113</u>
Total Federal Awards Expenditures			<u>\$ 361,113</u>

The accompanying Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.



Auditor of State Betty Montgomery

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

District Board of Health
Washington County
342 Muskingum Drive
Marietta, Ohio 45750

To the Board of Health:

We have audited the financial statement of the District Board of Health, Washington County, Ohio (the District), as of and for the year ended December 31, 2003, and have issued our report thereon dated September 28, 2004. 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 statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the District's management in a separate letter dated September 28, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain 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 management's assertions in the financial statement. A reportable condition is described in the accompanying Schedule of Findings as item 2003-001.

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. 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. However, we do not believe the reportable condition described above is 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 the District's management in a separate letter dated September 28, 2004.

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

September 28, 2004



**Auditor of State
Betty Montgomery**

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

District Board of Health
Washington County
342 Muskingum Drive
Marietta, Ohio 45750

To the Board of Health:

Compliance

We have audited the compliance of the District Board of Health, Washington 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 program for the year ended December 31, 2003. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 its major federal program for the year ended December 31, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2003-002. We also noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the District's management in a separate letter dated September 28, 2004.

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. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated September 28, 2004.

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

September 28, 2004

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
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)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance 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):	Centers for Disease Control and Prevention – Investigations and Technical Assistance (Public Health Infrastructure) CFDA #93.283
<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?	No

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

FINDING NUMBER 2003-001

Reportable Condition – Credit Card Balance

The District's credit card should only be used to finance travel related expenditures and the charges on the card should be paid promptly and fully to avoid finance charges. The District's credit card carried an average monthly balance of \$1,273 during 2003. In addition, the District paid \$194 in finance charges. This has resulted in unnecessary costs to the District.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003
(Continued)**

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

FINDING NUMBER 2003-001 (Continued)

Reportable Condition – Credit Card Balance (Continued)

The credit card carried a balance because of charges made prior to 2003 that were not accepted for payment by the prior County Auditor. The District is currently attempting to determine what the charges were for so the proper documentation can be gathered and submitted to the current County Auditor for payment.

We recommend the District take an aggressive approach to determine what the charges were for, gather the necessary support for the expenditures, and submit them for payment to avoid additional finance charges, or make the payment and terminate the credit card account.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2003-002
CFDA Title and Number	Centers for Disease Control and Prevention – Investigations and Technical Assistance (Public Health Infrastructure) CFDA #93.283
Federal Award Number / Year	84-1-001-2-BI-03 84-1-001-2-BI-04
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department Health

Noncompliance Citation – Reporting

The Ohio Department of Health Grants Administration Policy and Procedure Manual (ODH GAPP Manual), Section 105, requires subgrantees to submit financial status reports for each grant. Subgrantee program expenditure reports must be completed, reporting funds received, disbursed or obligated and submitted via the Internet within 15 calendar days following the end of each quarter. Additionally, a final expense report reflecting total expenditures for the program period must be completed and submitted via the Internet within 45 days after the end of the grant year. The information contained in the reports must correspond with the program accounting records and supporting documentation.

The District's year-to-date expenditures and outstanding obligations (encumbrances) on the quarterly and final expenditure reports for the Public Health Infrastructure (PHI) grant did not correspond to the District's accounting records. A comparison of the District's expenditures and encumbrances that were reported to ODH and the District's accounting records is as follows:

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2003-002 (Continued)

Noncompliance Citation – Reporting (Continued)

ODH GAPP Manual Section 105 (Continued)

<u>Type of Report</u>	<u>Year-To-Date Expenditures</u>	<u>Encumbrances</u>
2002 & 2003 Grant Year - Ending August 30, 2003		
Program Expenditure Reports - Fourth Quarter & Final District's Accounting Records	\$ 193,879	\$ 0
	181,068	17,066
Difference	\$ 12,811	\$ (17,066)
2003 & 2004 Grant Year - Ending August 30, 2004		
First Quarter Program Expenditure Report District's Accounting Records	\$ 46,075	\$ 14,224
	51,826	15,125
Difference	\$ (5,751)	\$ (901)

This could result in a repayment of grant funds to the Ohio Department of Health if the quarterly and final expenditure reports are not properly supported by the District's accounting records.

This difference was caused by timing differences between the date employer PERS, Medicare match, and workers compensation was to be paid by the County and when it was reported on the quarterly expenditure reports. The District estimated these costs and included the estimated costs on the expenditure reports. Also contributing to the difference were costs paid by other funds, but reported to ODH on the quarterly report as a PHI Fund cost. Section 400.3 of the ODH GAPP Manual states that subgrantees should only report obligations for Workers' Compensation in the period in which an invoice is received. Payments for Workers' Compensation are to be reported in the program period in which the invoice is paid. The District could not reconcile the total difference between the amount reported on the quarterly reports and the financial records.

We recommend the District develop procedures that will ensure the expenditure reports to ODH are accurately supported by actual costs posted to their financial records. We also recommend Workers' Compensation only be reported on the expenditure report in the quarter in which the invoice is received and paid by the County. Furthermore, we recommend any amounts paid by other funds be reimbursed by the PHI Fund.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-002	<p>The Washington County Health Department will work with the Ohio Department of Health to correct the Worker's Compensation reporting time-line. Using the County Auditor's reports and the documentation of PHI expenses paid from other funds, the reports will be corrected and a remedy sought for the issue of employment taxes (Medicare, PERS, and Worker's Compensation) not being paid within the grant fiscal year.</p> <p>Infrastructure expenses that were paid from other funds will be reimbursed to those funds during September/October 2004.</p>	Sept./Oct. 2004	Jeannie Farnsworth, Administrative Assistant



**Auditor of State
Betty Montgomery**

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DISTRICT BOARD OF HEALTH

WASHINGTON 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
OCTOBER 18, 2004**