

Hamilton County General Health District

Financial Statements

**December 31, 2003, Together with
Reports on Federal Awards in Accordance
with OMB Circular A-133**



**Auditor of State
Betty Montgomery**

Board of Health
Hamilton County General Health District
250 William Howard Taft
Cincinnati, OH 45219

We have reviewed the Independent Auditor's Report of the Hamilton County General Health District, Hamilton County, prepared by PricewaterhouseCoopers LLP, for the audit period January 1, 2002 through December 31, 2003 and 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hamilton County General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 15, 2004

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Report of Independent Auditors

Hamilton County General Health District
County of Hamilton, Ohio
250 W. Howard Taft, 2nd Floor
Cincinnati, Ohio 45219

In our opinion, the accompanying combined statement of cash receipts, cash disbursements, and changes in fund cash balance present fairly, in all material respects, the financial position of the Hamilton County General Health District, County of Hamilton, Ohio, (the “District”), at December 31, 2003 and December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. 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 audits. We conducted our audits of these statements 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 of America, which 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, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2004, on our consideration of the Hamilton County General Health District, County of Hamilton, Ohio (the “District”) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended December 31, 2003. 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 Expenditures of Federal Awards is presented for purposes of 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 basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

PriceWaterhouseCoopers LLP

Cincinnati, Ohio
October 19, 2004

Hamilton County General Health District
Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Cash Balances – All Governmental Fund Types
December 31, 2003

| | General | Special Revenue | Totals (Memorandum Only) |
|---|---------------------|--------------------|--------------------------------|
| Cash receipts: | | | |
| Intergovernmental | \$ 1,317,263 | \$ - | \$ 1,317,263 |
| Charges for services | 924,556 | 108,532 | 1,033,088 |
| Fines, licenses and permits | 2,139,280 | 1,088,283 | 3,227,563 |
| Miscellaneous | 39,148 | 31,085 | 70,233 |
| Total cash receipts | <u>4,420,247</u> | <u>1,227,900</u> | <u>5,648,147</u> |
| Cash disbursements: | | | |
| Salaries | 2,169,059 | 742,635 | 2,911,694 |
| Benefits | 611,961 | 185,855 | 797,816 |
| Travel and mileage | 108,453 | 23,922 | 132,375 |
| Office supplies | 79,038 | 9,999 | 89,037 |
| Furniture and equipment | 77,945 | 140 | 78,085 |
| Repair and maintenance | 11,891 | 35 | 11,926 |
| Contract services | 388,787 | 693 | 389,480 |
| State and other agency fees | 171,942 | 211,779 | 383,721 |
| Other expenditures | 168,319 | 8,860 | 177,179 |
| Total cash disbursements | <u>3,787,395</u> | <u>1,183,918</u> | <u>4,971,313</u> |
| Excess of cash receipts over cash disbursements | 632,852 | 43,982 | 676,834 |
| Fund cash balances at January 1, 2003 | <u>1,216,132</u> | <u>490,641</u> | <u>1,706,773</u> |
| Fund cash balances at December 31, 2003 | <u>\$ 1,848,984</u> | <u>\$ 534,623</u> | <u>\$ 2,383,607</u> |
| Reserve for encumbrances at December 31, 2003 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

Hamilton County General Health District
Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Cash Balances – All Governmental Fund Types
December 31, 2002

| | General | Special Revenue | Totals (Memorandum Only) |
|---|---------------------|--------------------|--------------------------------|
| Cash receipts: | | | |
| Intergovernmental | \$ 556,580 | \$ - | \$ 556,580 |
| Charges for services | 896,027 | 120,032 | 1,016,059 |
| Fines, licenses and permits | 2,001,902 | 1,078,837 | 3,080,739 |
| Miscellaneous | 40,382 | 27,800 | 68,182 |
| Total cash receipts | <u>3,494,891</u> | <u>1,226,669</u> | <u>4,721,560</u> |
| Cash disbursements: | | | |
| Salaries | 1,848,226 | 716,610 | 2,564,836 |
| Benefits | 504,920 | 169,738 | 674,658 |
| Travel and mileage | 83,995 | 23,837 | 107,832 |
| Office supplies | 63,148 | 5,150 | 68,298 |
| Furniture and equipment | 52,734 | 2,490 | 55,224 |
| Repair and maintenance | 9,579 | - | 9,579 |
| Contract services | 317,865 | 408 | 318,273 |
| State and other agency fees | 121,689 | 205,545 | 327,234 |
| Other expenditures | 151,543 | 9,181 | 160,724 |
| Total cash disbursements | <u>3,153,699</u> | <u>1,132,959</u> | <u>4,286,658</u> |
| Excess of cash receipts over cash disbursements | 341,192 | 93,710 | 434,902 |
| Fund cash balances at January 1, 2002 | <u>874,940</u> | <u>396,931</u> | <u>1,271,871</u> |
| Fund cash balances at December 31, 2002 | <u>\$ 1,216,132</u> | <u>\$ 490,041</u> | <u>\$ 1,706,773</u> |
| Reserve for encumbrances at December 31, 2002 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

Hamilton County General Health District
Notes to the Financial Statements
December 31, 2003

1. Summary of Significant Accounting Policies

(a) Description of the Entity

The Hamilton County General Health District (the "District") is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under the direction of a five-member Board of Health. Members of this Board are appointed to serve five-year terms by the District Advisory Council. Members of this Council include 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 in the District or their alternates selected by their respective governing bodies. The Hamilton County Auditor is responsible for fiscal control of the resources of the District. The Hamilton County Treasurer is the custodian of these funds. Services provided by the District include public health care and the prevention or restriction of diseases.

Management believes the financial statements included in this report represent all of the funds of the District for which they have financial accountability.

(b) Basis of Accounting

These financial statements were prepared on the cash 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. Acquisitions of property and equipment are therefore recorded as disbursements when paid and not reflected as assets on the accompanying financial statements.

(c) Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

(d) Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Hamilton County General Health District
Notes to the Financial Statements
December 31, 2003

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:

F.S.O. & Vending Fund – accounts for the receipts and disbursements activity relating to the issuance of food service licenses throughout the County of Hamilton (the “County”).

Solid Waste Fund – accounts for the receipts and disbursements activity related to issuance of landfill licenses throughout the County.

Construction & Demolition Debris Fund – accounts for the receipts and disbursements activity relating to inspection fees and the issuance of construction licenses and permits throughout the County.

Crippled Children Fund – accounts for the receipts and disbursements activity related to the services provided on behalf of the Bureau for Children With Medical Handicaps.

Swimming Pool Fund – accounts for the receipts and disbursements activity relating to the issuance of swimming pool licenses throughout the County.

(e) Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

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

Hamilton County General Health District
Notes to the Financial Statements
December 31, 2003

2. Equity in Pooled Cash and Investments

The Hamilton County Treasurer maintains a cash and investment pool of County funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amounts of cash on deposit with the County Treasurer was \$2,383,607 and \$1,706,773 at December 31, 2003 and 2002, respectively. The Hamilton County Treasurer, as the ultimate fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

3. Budgetary Activity

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Budgetary activity for the years ended December 31, 2003 and 2002, is as follows:

2003 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|---------------------|
| General | \$ 4,076,501 | \$ 4,420,247 | \$ (343,746) |
| Special Revenue | 1,217,994 | 1,227,900 | (9,906) |
| Total | <u>\$ 5,294,495</u> | <u>\$ 5,648,147</u> | <u>\$ (353,652)</u> |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|-------------------|
| General | \$ 4,367,761 | \$ 3,787,394 | \$ 580,367 |
| Special Revenue | 1,284,902 | 1,183,918 | 100,984 |
| Total | <u>\$ 5,652,663</u> | <u>\$ 4,971,312</u> | <u>\$ 681,351</u> |

2002 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|-------------------|
| General | \$ 3,475,082 | \$ 3,494,892 | \$ (19,810) |
| Special Revenue | 1,238,058 | 1,226,669 | 11,389 |
| Total | <u>\$ 4,713,140</u> | <u>\$ 4,721,561</u> | <u>\$ (8,421)</u> |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|-------------------|
| General | \$ 3,625,027 | \$ 3,153,700 | \$ 471,327 |
| Special Revenue | 1,182,608 | 1,132,960 | 49,648 |
| Total | <u>\$ 4,807,635</u> | <u>\$ 4,286,660</u> | <u>\$ 520,975</u> |

Hamilton County General Health District

Notes to the Financial Statements

December 31, 2003

4. Benefit Plans

District employees are employees of the County and, therefore, are covered by the following benefit plans:

(a) Deferred Compensation Plan

Employees of the County may elect to participate in a deferred compensation plan administered by one of the following: (1) The Ohio Public Employees Deferred Compensation Plan; (2) The Aetna Life Insurance Company, Inc.; or (3) The County Commissioners Association of Ohio. Under these plans, employees can defer up to 25% of their annual salary, not to exceed \$12,000 per year, until a future time, usually after retirement. The deferred amounts, as well as any income related to the deferral, are not subject to federal or state income tax until actually received by the employee. Assets of the aforementioned plans were placed in a trust for the exclusive benefit of the participants and beneficiaries during 1999.

(b) Employee Retirement Systems and Plans

All County employees are covered by one of three pension systems. These are the Public Employees Retirement System (PERS), the State Teachers Retirement System (STRS), which are State pension systems, and the City of Cincinnati Retirement System (CRS), a municipal pension plan. All District employees are covered by PERS. County employees hired after April 1, 1986, are also covered under the Federal Social Security Act for the Medicare portion only.

PERS is a cost sharing, multiple employer, defined benefit, public employee retirement system. It provides retirement, disability, and death benefits to plan members and beneficiaries. PERS also provides health care benefits to vested retirees. Benefits provided under PERS are established by the Ohio Revised Code.

PERS issues separate, publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by contacting Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, telephone number 614-466-2085.

Hamilton County General Health District
Notes to the Financial Statements
December 31, 2003

The Ohio Revised Code provides PERS statutory authority for employee and employer institutions. The required, actuarially determined contribution rates for the County and for employees are 13.55% and 8.5%, respectively. The District's contributions, representing 100% of employer contributions, for the last three years are as follows:

| <u>Year</u> | <u>Contribution</u> |
|-------------|---------------------|
| 2001 | \$ 324,489 |
| 2002 | 340,090 |
| 2003 | 390,759 |

(c) Other Postemployment Benefits (OPEB)

In addition to the pension benefits described above, PERS provides postretirement health care coverage, commonly referred to as OPEB (other postemployment benefits). The Ohio Revised Code provides the authority for public employers to fund postretirement health care through their contributions under PERS.

PERS provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying State service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients and primary survivor recipients is available. The 2003 employer contribution rate for non-law enforcement County employees was 13.55%, of which 5% was used to fund health care. The Board's contribution, for the year ended December 31, 2003, was \$144,191 to fund post-employment benefits.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

The OPEB is advance funded on an actuarially determined basis. The principal assumptions and calculations were based on the latest actuarial review as of December 31, 2002:

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) become part of the unfunded actuarial accrued liability.

Asset Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Hamilton County General Health District
Notes to the Financial Statements
December 31, 2003

Investment Return. The most recent information available indicates that the investment assumption rate for 2002 was 8.00%.

Active Employee Total Payroll. An annual payroll increase of 4.00% is compounded annually, and is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increase is over and above the 4.00% base increase were assumed to range from 0.50% to 6.30%.

Health Care. Health-care costs were assumed to increase 4.00% annually.

At December 31, 2002 (latest available), the actuarial value of the Retirement System's net asset value available for OPEB was \$10 billion and the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively. At December 31, 2003, there were 364,881 active participants contributing to the Traditional and Combined Plans.

**Hamilton County General Health District
 Schedule of Expenditures of Federal Awards
 December 31, 2003**

| Federal Grantor/Pass-Through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|------------------------------------|---|---------------------------------|
| Ohio Department of Health pass - through: Preventative Health and health Services Block Grant | 93.991 | 31-1-001-2-EE-03 | \$ 28,000 |
| Center for Disease Control and Prevention | 93.283 | 31-1-001-2-B1-3 | <u>418,807</u> |
| Total Expenditure of Federal Awards | | | <u>\$ 446,807</u> |

Hamilton County General Health District
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2003

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Hamilton County General Health District (the "District") recorded on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, hence some amounts may differ from amounts used in the preparation of the basic financial statements.

**Hamilton County General Health District
 Supplemental Schedule of Findings and Questioned Costs
 Section I – Summary of Auditor’s Results
 December 31, 2003**

Financial Statement

| | |
|---|---------------|
| Type of auditor’s report issued: | Unqualified |
| Internal control over financing reporting: | |
| • Material weaknesses identified? | No |
| • Reportable conditions identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statement noted? | No |

Federal Awards

| | |
|---|---------------|
| Internal control over major programs: | |
| • Material weaknesses identified? | No |
| • Reportable conditions identified that are not considered to be material weaknesses? | None reported |
| Type of auditor’s report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? | No |

Program Audited as Major

| | |
|--|-----------|
| 93.283 Center for Disease Control and Prevention | |
| Dollar threshold used to distinguish between type A and Type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | No |

**Hamilton County General Health District
Supplemental Schedule of Findings and Questioned Costs, continued
Section II – Financial Statement Findings
December 31, 2003**

No items noted.

**Hamilton County General Health District
Supplemental Schedule of Findings and Questioned Costs, continued
Section III – Federal Award Findings and Questioned Costs
December 31, 2003**

No items noted.

**Hamilton County General Health District
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2003**

No items noted.

**Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statement Performed in
Accordance With *Government Auditing Standards***

Hamilton County General Health District
County of Hamilton, Ohio

We have audited the financial statement of the Hamilton County General Health District, (the “District”) as of and for the year ended December 31, 2003 and 2002, and have issued our report thereon dated October 19, 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 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated October 19, 2004.

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 statement 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 statement 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.



This report is intended solely for the information and use of the Executive Committee, management, the Board of Commissioners, federal awarding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

Cincinnati, Ohio
October 19, 2004

**Report of Independent Auditors on Compliance With Requirements
Applicable to Each Major Program and Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Hamilton County General Health District
County of Hamilton, Ohio

Compliance

We have audited the compliance of the Hamilton County General Health District, (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 each of 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated October 19, 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 structure over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Executive Committee, management, the Board of Commissioners, federal awarding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

Cincinnati, Ohio
October 19, 2004



**Auditor of State
Betty Montgomery**

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HAMILTON COUNTY GENERAL HEALTH DISTRICT

HAMILTON 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
DECEMBER 28, 2004**