



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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**Auditor of State
Betty Montgomery**

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

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statement pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statement in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement present is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

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

Betty Montgomery
Auditor of State

May 3, 2006

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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 Members of the Board:

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, 2004. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statement presents for 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The District has elected not to reformat its statement. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2004 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004, or its changes in financial position for the year then ended.

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Also, 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, Ohio, as of December 31, 2004, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Betty Montgomery
Auditor of State

May 3, 2006

**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, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 212,175	\$ 507,115	\$ 719,290
Inspection fees	18,425		18,425
Permits	93,050	2,910	95,960
Other fees	17,070	91,105	108,175
Licenses	9,620	38,358	47,978
Contractual services	18,399	43,685	62,084
Penalties		845	845
Other receipts	10,374	1,547	11,921
	<u>379,113</u>	<u>685,565</u>	<u>1,064,678</u>
Total Cash Receipts			
	<u>379,113</u>	<u>685,565</u>	<u>1,064,678</u>
Cash Disbursements:			
Salaries	201,389	308,363	509,752
Fringe Benefits	137,005	40,298	177,303
Supplies	6,823	38,163	44,986
Remittances to State		7,529	7,529
Equipment	5,426	72,328	77,754
Contracts - Services	1,200	157,054	158,254
Travel	19,784	16,660	36,444
Advertising and printing	621		621
Other	30,512	118,357	148,869
	<u>402,760</u>	<u>758,752</u>	<u>1,161,512</u>
Total Cash Disbursements			
	<u>402,760</u>	<u>758,752</u>	<u>1,161,512</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(23,647)	(73,187)	(96,834)
Other Financing Receipts/(Disbursements):			
Advances-In	11,016	14,646	25,662
Advances-Out	(14,646)	(11,016)	(25,662)
	<u>(3,630)</u>	<u>3,630</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(3,630)</u>	<u>3,630</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(27,277)	(69,557)	(96,834)
Fund Cash Balances, January 1	<u>99,788</u>	<u>197,236</u>	<u>297,024</u>
Fund Cash Balances, December 31	<u><u>\$ 72,511</u></u>	<u><u>\$ 127,679</u></u>	<u><u>\$ 200,190</u></u>
Reserves for Encumbrances, December 31	<u><u>\$ 3,917</u></u>	<u><u>\$ 39,890</u></u>	<u><u>\$ 43,807</u></u>

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

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**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Washington County, Ohio (the District), as a body corporate and politic. A five-member Board and Health Commissioner govern the District. The District's services include referrals to the Bureau of Crippled Children Services Program, communicable disease investigations, immunization clinics, various inspections, public health nursing services, birth and death certificates, issuance of various licenses and permits, and other related services.

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

B. Basis of Accounting

The financial statement follows the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement adequately discloses all material matters the Auditor of State's accounting basis requires.

C. Cash

As required by Ohio Revised Code, the Washington County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, 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 accounts for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds 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 and Well Child Clinics, as well as a pediatric grant to provide nursing services to the County.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Public Health Infrastructure Fund – 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 the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level, 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.

3. 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.

A summary of 2004 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2004 follows:

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 362,850	\$ 390,129	\$ 27,279
Special Revenue	866,333	700,211	(166,122)
Total	\$ 1,229,183	\$ 1,090,340	\$ (138,843)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 422,866	\$ 421,323	\$ 1,543
Special Revenue	833,963	809,658	24,305
Total	\$ 1,256,829	\$ 1,230,981	\$ 25,848

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statement presents these amounts as intergovernmental receipts.

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2004, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

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, 2004
(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 4 years. The scheduled payments under these lease obligations are as follows:

<u>Year Ended December 31</u>	<u>Chrysler Sebrings</u>	<u>Honda CRV</u>
2005	\$ 10,933	\$ 3,432
2006	7,289	3,432
2007	<u>2,288</u>	<u>2,288</u>
Total Minimum Lease Payments	18,222	9,152
Less: Amount Representing Interest	<u>(1,794)</u>	<u>(2,229)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 16,428</u>	<u>\$ 6,923</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 be material.

8. RELATED PARTY TRANSACTIONS

The District contracted with Board of Health member Kenneth J. Leopold, MD, and his medical practice, Brockett and Leopold, Inc., as family practitioners. The term of the 2004 contract was for 11 clinics at a rate of \$210 per clinic. Dr. Leopold was also the County Coroner. The Board also contracted with Michael K. Brockett, MD, of Brockett and Leopold, Inc., as Medical Director. The term of the 2004 contract was for a stipend in the sum of \$100 per month.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct from Federal Government:</i>			
Medicare Supplementary Medical Insurance	N/A	93.774	\$ 13,480
<i>Passed through Ohio Department of Job and Family Services:</i>			
Medical Assistance Program	N/A	93.778	23,331
<i>Passed through Ohio Department of Health:</i>			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	84-1-001-2-BI-04 84-1-001-2-BI-05	93.283	261,848 <u>67,180</u>
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance			329,028
Preventive Health and Health Services Block Grant	84-1-001-2-ED-03	93.991	129,312
Maternal and Child Health Services Block Grant to the States	84-1-001-1-AJ-03	93.994	<u>23,500</u>
Total U.S. Department of Health and Human Services			<u>518,651</u>
Total Federal Awards Expenditures			<u>\$ 518,651</u>

The accompanying Note to the Schedule of Federal Awards Expenditures is an integral part of this Schedule.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004**

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 INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Members of the Board:

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, 2004, and have issued our report thereon dated May 3, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statement and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statement we audited may occur and not be timely detected by employees when 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. In a separate letter to the District's management dated May 3, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated May 3, 2006, we reported other matters related to noncompliance we deemed immaterial.

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District Board of Health
Washington County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the Board of Health, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 3, 2006



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 Members of the Board:

We have audited the compliance of 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 apply to its major federal program for the year ended December 31, 2004. The Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Board of Health, Washington County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2004-001 through 2004-003. In a separate letter to the District's management dated May 3, 2006, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when 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 intend this report solely for the information and use of management, the Board of Health, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 3, 2006

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Centers for Disease Control and Prevention – Investigations and Technical Assistance – CFDA #93.283
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2004-001
CFDA Title and Number	Centers for Disease Control and Prevention – Investigations and Technical Assistance – CFDA #93.283
Federal Award Number / Year	84-1-001-2-BI-04 and 84-1-001-2-BI-05
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance Citation - Other

OMB Circular Number A-133, Subpart C, § 300 (a) requires the auditee to identify in its accounts all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, OMB Circular Number A-133, Subpart B, § 200 (a) requires that non-federal entities that expend \$500,000 for fiscal years ending after December 31, 2003 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, § 300 (e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due.

The District expended Medicare Supplementary Medical Insurance and Medical Assistance Program funds but management of the District did not consider these to be Federal award expenditures. As a result, they did not believe the amounts should be reflected as such on the District's Schedule of Federal Awards Expenditures. Consequently, the District did not request a single audit for the year ended December 31, 2004, within 9 months after the end of the fiscal year.

We recommend that prior to accepting funds from any source, the District obtain a statement from that source indicating whether the funds to be accepted are from a federal source. The District should then properly identify all funding in its accounting system, prepare an accurate and complete schedule of federal awards expenditures, make an assessment as to whether a single audit will be necessary, and notify the Auditor of State as to whether an annual single audit is required.

Officials' Response and Corrective Action Plan

The County Auditor has purchased a new bookkeeping system and renumbered all charts of accounts by category. We will recategorize the intergovernmental revenue sources. The Schedule of Federal Awards Expenditures will include Medicaid and Medicare revenue in the future.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding Number	2004-002
CFDA Title and Number	Centers for Disease Control and Prevention – Investigations and Technical Assistance – CFDA #93.283
Federal Award Number / Year	84-1-001-2-BI-04 and 84-1-001-2-BI-05
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance Citation - Reporting

The Ohio Department of Health (ODH) Grants Administration Policy and Procedure 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 did not correspond to the District's accounting records. Expenditures and encumbrances were reported as follows:

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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FINDING NUMBER 2004-002 (Continued)

Noncompliance Citation – Reporting (Continued)

Type of Report	Current Period Expenditures	Encumbrances
2003 & 2004 Grant Year - Ending August 30, 2004		
Program Expenditure Reports - Second Quarter	\$ 65,358	\$ 22,961
District's Accounting Records	61,040	82,947
Difference	\$ 4,318	\$ (59,986)
Program Expenditure Reports - Third Quarter	\$ 77,592	\$ 46,541
District's Accounting Records	80,863	42,227
Difference	\$ (3,271)	\$ 4,314
Program Expenditure Reports - Fourth Quarter	\$ 58,047	\$ 81,508
District's Accounting Records	56,250	79,127
Difference	\$ 1,797	\$ 2,381
Program Expenditure Reports - Final Report	\$ 326,458	\$ 0
District's Accounting Records	330,159	0
Difference	\$ (3,701)	\$ 0
2004 & 2005 Grant Year - Ending August 30, 2005		
First Quarter Program Expenditure Report	\$ 51,688	\$ 11,763
District's Accounting Records	54,471	31,240
Difference	\$ (2,783)	\$ (19,477)

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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FINDING NUMBER 2004-002 (Continued)

Noncompliance Citation/Questioned Cost – Reporting (Continued)

This could result in a repayment of grant funds to ODH if the quarterly and final expenditure reports are not properly supported by the District’s accounting records and could jeopardize future funding.

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.

Officials’ Response and Corrective Action Plan

The bookkeeping system has undergone some upgrades. As of February 2006, there is a grant budget module that contains the approved budget line items. The transactions (expenditures and receipts) are linked to this information and the grant summary report can be run at any time to provide accurate information on budgeted line items, expenditures or receipts credited to the grant line item and the amount of the line item remaining.

For personnel cost reporting for grants, the fringe benefits were not broken down by employee. As of February 2006, the County Auditor began providing a breakdown of Medicare and PERS amounts paid by employee and fund. In grants funds, these are now linked to a specific line item in the grant.

In regards to encumbrances, the definition of “outstanding obligations” for the purposes of the ODH GAPP manual means an actual liability. In our bookkeeping system, an encumbrance represents the balance remaining on a purchase order. Consequently, blanket purchase orders may not have any actual outstanding liabilities. Accordingly, GAPP defined obligations will not coincide with our bookkeeping system balance for encumbrances.

Finding Number	2004-003
CFDA Title and Number	Centers for Disease Control and Prevention – Investigations and Technical Assistance – CFDA #93.283
Federal Award Number / Year	84-1-001-2-BI-04 and 84-1-001-2-BI-05
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance Citation/Questioned Cost – Period of Availability

Ohio Department of Health (ODH) Grants Administrative Policies and Procedures Manual Section 400.3, states obligations listed on the interim report (i.e., fourth quarter expenditure report) must be liquidated within forty-five calendar days after the end of the program period. The closeout and liquidation deadlines may be extended by ODH, with a written request via GMIS.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2004-003 (Continued)

Noncompliance Citation/Questioned Cost – Period of Availability (Continued)

For the grant period August 31, 2003 through August 30, 2004, an extension for the final expenditure report was sought by the District and received from ODH. The final expenditure report was submitted on November 3, 2004 and included an expenditure of \$18,571 for a MARCS radio system. It was noted during testing that the warrant was actually dated November 16, 2004.

As a result, the District liquidated \$18,571 after the Subgrantee Expenditure Report was filed, although the report included this expenditure. This error would have been easily identified had the District's accounting system been set up in a manner that allowed federal grant receipts and expenditures to be easily identifiable by year.

Accordingly, \$18,571 is considered a Federal questioned cost.

We recommend the District implement an accounting system that will easily identify grant receipts and expenditures by grant year.

Officials' Response and Corrective Action Plan

The District Board of Health has contacted ODH regarding the audit finding. We will take the necessary action to correct the finding based upon guidance from ODH.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	A reportable condition was issued for having an outstanding credit card balance prior to 2003 that has not been paid.	No	Not Corrected. This item is no longer as significant and is included in the current audit Management Letter.
2003-002	A material federal noncompliance citation was issued under ODH Grants Administration Policy and Procedure Manual Section 105 requiring subgrantees to submit financial status reports for each grant. The District's year to date expenditures on the quarterly and final expenditure reports grant did not agree with the District's accounting records.	No	Not Corrected. This item is repeated in the current audit Schedule of Findings and Questioned Costs as finding 2004-002.



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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
JUNE 20, 2006**