



**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Report of Independent Accountants | 1 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Expendable Trust Fund For the Year Ended December 31, 2001 | 3 |
| Notes to the Financial Statements | 5 |
| Schedule of Federal Awards Expenditures | 9 |
| Notes to the Schedule of Federal Awards Expenditures | 10 |
| Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 11 |
| Report of Independent Accountants on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 | 13 |
| Schedule of Findings | 15 |
| Schedule of Prior Audit Findings | 19 |

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REPORT OF INDEPENDENT ACCOUNTANTS

Warren County Combined Health District
Warren County
416 South East Street
Lebanon, Ohio 45036

To Members of the Board:

We have audited the accompanying financial statements of Warren County Combined Health District, Warren County, Ohio (the District), as of and for the year ended December 31, 2001. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Warren County Combined Health District as of December 31, 2001, 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 April 22, 2002 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.

We performed our audit to form an opinion on the financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

April 22, 2002

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

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

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Agency Trust</u> | |
| Cash Receipts: | | | | |
| Taxes | \$1,443,072 | \$0 | \$0 | \$1,443,072 |
| Other intergovernmental | 218,595 | 23,264 | 0 | 241,859 |
| Inspection fees | 0 | 13,608 | 0 | 13,608 |
| Permits | 738,490 | 68,961 | 0 | 807,451 |
| Other fees | 213,679 | 139,915 | 0 | 353,594 |
| Licenses | 0 | 97,226 | 0 | 97,226 |
| Federal awards | 0 | 389,889 | 0 | 389,889 |
| Other receipts | 4,766 | 27,608 | 21,050 | 53,424 |
| | <u>2,618,602</u> | <u>760,471</u> | <u>21,050</u> | <u>3,400,123</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Salaries | 1,685,091 | 615,208 | 0 | 2,300,299 |
| Supplies | 83,156 | 36,069 | 0 | 119,225 |
| Remittances to State | 13,592 | 30,742 | 0 | 44,334 |
| Equipment | 21,206 | 149 | 0 | 21,355 |
| Contracts - Repair | 17,250 | 1,242 | 0 | 18,492 |
| Contracts - Services | 98,852 | 32,724 | 0 | 131,576 |
| Rentals | (534) | 0 | 0 | (534) |
| Travel | 3,732 | 0 | 0 | 3,732 |
| Vehicles | 30,879 | 0 | 0 | 30,879 |
| Utilities and rentals | 0 | 1,361 | 0 | 1,361 |
| Advertising and printing | 1,752 | 0 | 0 | 1,752 |
| Public employee's retirement | 216,196 | 62,227 | 0 | 278,423 |
| Unemployment compensation | 1,796 | 0 | 0 | 1,796 |
| Other | 110,204 | 694 | 17,550 | 128,448 |
| | <u>2,283,172</u> | <u>780,416</u> | <u>17,550</u> | <u>3,081,138</u> |
| Total Cash Disbursements | | | | |
| Total Receipts Over/(Under) Disbursements | <u>335,430</u> | <u>(19,945)</u> | <u>3,500</u> | <u>318,985</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | 4,700 | 60,000 | 0 | 64,700 |
| Transfers-Out | (60,000) | 0 | 0 | (60,000) |
| Refunds | 7,350 | 20 | 0 | 7,370 |
| Reimbursements | (17,369) | (7,722) | 0 | (25,091) |
| | <u>(65,319)</u> | <u>52,298</u> | <u>0</u> | <u>(13,021)</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 270,111 | 32,353 | 3,500 | 305,964 |
| Fund Cash Balances, January 1 | <u>718,750</u> | <u>375,829</u> | <u>17,700</u> | <u>1,112,279</u> |
| Fund Cash Balances, December 31 | <u>\$988,861</u> | <u>\$408,182</u> | <u>\$21,200</u> | <u>\$1,418,243</u> |
| Reserves for Encumbrances, December 31 | <u>\$31,065</u> | <u>\$0</u> | <u>\$0</u> | <u>\$31,065</u> |

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

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**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Warren County Combined Health District, Warren County, Ohio (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a nine-member Board, five of whom are elected to overlapping terms by the Health District Advisory Council and four of whom are appointed by the contract cities of Franklin, Lebanon, Springboro and Mason. The Health District is responsible for the appointment of the Health Commissioner, Medical Director and staff. The Warren County Auditor is responsible for fiscal control of the resources of the Health District. The Warren County Treasurer is the custodian of these funds. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

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

D. Fund Accounting

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

1. General Fund

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

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:

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health Grant Fund

This fund receives state and federal funds for maintaining and operating District health programs.

3. Fiduciary Funds (Agency Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the District is acting in an agency capacity. The District had the following significant Fiduciary Funds.

Agency Fund

This fund is used to account for funds received as payment for homeowner bonds.

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, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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. The District did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

| 2001 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,420,600 | \$2,630,652 | \$210,052 |
| Special Revenue | 667,460 | 820,491 | 153,031 |
| Total | \$3,088,060 | \$3,451,143 | \$363,083 |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,507,431 | \$2,360,541 | \$146,890 |
| Special Revenue | 850,427 | 788,138 | 62,289 |
| Total | \$3,357,858 | \$3,148,679 | \$209,179 |

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities comprising 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 Other Intergovernmental Receipts in the financial statements. Clearcreek, Deerfield, Franklin, Hamilton, Harlan, Massie, Salem, Turtlecreek, Union, Washington and Wayne townships and the cities of Springboro, Mason, Franklin and Lebanon and villages of Carlisle, South Lebanon, Maineville, Butlerville, Pleasant Plain, Harveysburg, Morrow, Corwin, Waynesville and Blanchester comprise the District.

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement 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 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2001.

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

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

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property

Risk Pool Membership

The District is a member of the PEP Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31: (Year 2000 is the most recent information available.)

| | <u>2000</u> | <u>1999</u> |
|-----------------------|--------------|--------------|
| Cash and investments | \$18,687,743 | \$16,413,611 |
| Actuarial liabilities | \$7,996,596 | \$6,916,414 |

The Health District provides health insurance, prescriptions and dental coverage to full-time employees through the health insurance plan of Warren County.

6. 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

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|--|----------------------------------|---------------------------|-------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Special Supplemental Food Program for Women, Infants and Children | | 10.557 | |
| FY02 | 83-1-01-F-CM-389 | | 43,672 |
| FY01 | 83-1-01-F-CM-389 | | <u>154,297</u> |
| Total Special Supplemental Food Program for Women, Infants and Children | | | <u>197,969</u> |
| Total U.S. Department of Agriculture | | | <u>197,969</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| <i>Passed Through Warren County Department of Human Services:</i> | | | |
| Social Services Block Grant - Title XX | | 93.667 | |
| FY02 | 83-96-2235 | | 19,600 |
| FY01 | 83-96-2235 | | <u>19,600</u> |
| Total Social Services Block Grant - Title XX | | | 39,200 |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Maternal and Child Health Services Block Grant | | 93.994 | |
| FY02 | 83-1-01-F-AI-320 | | 63,176 |
| FY01 | 83-1-01-F-AI-320 | | <u>86,998</u> |
| Total Maternal and Child Health Services Block Grant | | | <u>150,174</u> |
| Total U.S. Department of Health and Human Services | | | <u>189,374</u> |
| Total | | | <u>\$387,343</u> |

The accompanying notes to this schedule are an integral part of this schedule.

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -- MATCHING REQUIREMENTS

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



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

Warren County Combined Health District
Warren County
416 South East Street
Lebanon, Ohio 45036

To Members of the Board:

We have audited the accompanying financial statements of the Warren County Combined Health District, Warren County, Ohio (the District), as of and for the year ended December 31, 2001, and have issued our report thereon dated April 22, 2002. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 three instances of noncompliance that are required to be reported under *Government Auditing Standards*. These instances are described in the accompanying schedule of findings as items 2001-60483-001, 2001-60483-002, and 2001-60483-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated April 22, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one 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 judgement, could adversely affect the Health District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-60483-001.

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 believe the reportable condition described above is not a material weakness.

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

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 22, 2002.

This report is intended solely for the information and use of the Audit Committee, management, the Board, 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, appearing to read "Jim Petro", with a stylized flourish at the end.

Jim Petro
Auditor of State

April 22, 2002



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

Warren County Combined Health District
Warren County
416 South East Street
Lebanon, Ohio 45036

To Members of the Board:

Compliance

We have audited the compliance of the Warren County Combined Health District, Warren 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, 2001. 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, 2001

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.

Warren County Combined Health District
Warren County
Report of Independent Accountants on Compliance with Requirements
Applicable to Major Federal Programs and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

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.

This report is intended solely for the information and use of the Audit Committee, management, the Board, 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, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 22, 2002

**WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2001**

| |
|--|
| 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)? | Yes |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| (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? | No |
| (d)(1)(vii) | Major Programs (list): | CFDA #10.557 Special Supplemental Food Program for Women, Infants and Children |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

FINDING NUMBER 2001-60483-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements.

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount is less than \$1,000, the Fiscal Officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

The Board of Health did not properly certify the availability of funds for purchase commitments for forty-seven percent of expenditures tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

Effort should be made by the Board of Health to properly utilize the encumbrance method of accounting by obtaining proper certification of the available funds on properly approved purchase orders. We recommend the Board of Health obtain approved purchase orders, which contain the proper certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

FINDING NUMBER 2001-60483-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D)(3), provides that fiscal officers may prepare so-called “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current fiscal year. The blanket certificate may, but need not, be limited to a specific vendor.

In addition to these blanket certificates, a subdivision’s fiscal officer may also issue so-called “super blanket” certificates for amounts over \$5,000 for expenditures and contracts from a specific line item appropriation account in a specified fund over \$5,000 upon certification of the fiscal officer for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year or, in the case of counties, beyond the quarterly spending plan established by the county commissioners. More than one super blanket certificate may be outstanding at one particular time for a particular line item appropriation account.

Forty percent of the super blanket purchase orders tested were for amounts under \$5,000. We recommend the Health District not issue a super blanket purchase order unless it is for an amount over \$5,000.

FINDING NUMBER 2001-60483-003

Noncompliance Citation

Ohio Rev. Code, Section 9.38, states public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it. Only the legislative authority may adopt this policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a less amount cannot be safeguarded, the public official must then deposit the money on the next business day. The Health District has adopted a policy for the deposit of public funds which follows the Ohio Revised Code.

Food Service Licenses and Swimming Pool receipts were not deposited in accordance with the Health District’s policy for thirty percent (\$13,456.75) of the receipts tested. Not depositing funds properly could allow for the misappropriation of Health District funds. We recommend that Health District follow its policy concerning the deposit of public money.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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WARREN COUNTY COMBINED HEALTH DISTRICT
WARREN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2001

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; |
|----------------|--|---|--|
| 2000-60483-001 | Reportable Condition for not having a SAS 70 report for a third party administrator. | Yes- Discontinued the use of the third party administrator in April 2001. | N/A |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WARREN COUNTY COMBINED HEALTH DISTRICT

WARREN 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 13, 2002**