



**Auditor of State
Betty Montgomery**

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Noble County General Health District
Noble County
44069 State Route 821
Caldwell, Ohio 43724

To Members of the Board:

We have audited the accompanying financial statement of the Noble County General Health District, Noble County, Ohio (the District), as of and for the year ended December 31, 2003. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the following paragraph, 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.

Medicare claim payment reimbursement receipts reported in the Special Revenue Public Health Nursing Fund are processed by a third party administrator. The third party administrator qualifies as a service organization as defined by Statement on Auditing Standards (SAS) No. 70, *Reports on the Processing of Transactions by Service Organizations*, (as amended by SAS No. 88). The service organization obtained a report on controls placed in operation and tests of operating effectiveness, but did not provide this report to the District as requested. As a result, we were unable to form an opinion, and we express no opinion, regarding the Medicare claim payment reimbursement receipts reported in the Special Revenue Public Health Nursing Fund. Those receipts represent 14.6% of the receipts of the Special Revenue Fund type total receipts.

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

In our opinion, except that we express no opinion on the Medicare claim payment reimbursement receipts as discussed in the third paragraph, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Noble County General Health District, Noble County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Noble County General Health District
Noble County
Independent Accountants' Report
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We performed our audit to form an opinion on the financial statement 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 statement. We subjected this information to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

This report is intended solely for the information and use of the audit committee, management and the Board of Health and is not intended to be, and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

November 22, 2004

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Property Taxes	\$143,416	\$	\$	\$143,416
Federal Awards		\$369,833		369,833
Intergovernmental	21,760	162,504		184,264
Charges for Services	93,677	537,199		630,876
Licenses and Permits	2,601	52,857		55,458
Other Receipts	0	16,846	312	17,158
Total Cash Receipts	<u>261,454</u>	<u>1,139,239</u>	<u>312</u>	<u>1,401,005</u>
Cash Disbursements:				
Salaries	174,473	668,133		842,606
Supplies	15,672	38,809	196	54,677
Remittances to State		480		480
Equipment		7,315		7,315
Contracts - Repair	3,888	600		4,488
Contracts - Services	7,070	216,874		223,944
Travel	11,062	30,883		41,945
Medicare / Insurance	16,185	81,322		97,507
Advertising and Printing	0	46		46
Public Employee's Retirement	24,785	89,306		114,091
Worker's Compensation	806	6,163		6,969
Unemployment Compensation	3,307	0		3,307
Other Expenses	6,569	18,628	396	25,593
Total Cash Disbursements	<u>263,817</u>	<u>1,158,559</u>	<u>592</u>	<u>1,422,968</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,363)</u>	<u>(19,320)</u>	<u>(280)</u>	<u>(21,963)</u>
Other Financing Receipts/(Disbursements):				
Advances-In	103,000	276,600		379,600
Advances-Out	(101,000)	(278,600)		(379,600)
Other Sources			122,654	122,654
Other Uses			(122,562)	(122,562)
Total Other Financing Receipts/(Disbursements)	<u>2,000</u>	<u>(2,000)</u>	<u>92</u>	<u>92</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(363)</u>	<u>(21,320)</u>	<u>(188)</u>	<u>(21,871)</u>
Fund Cash Balance, January 1	<u>6,792</u>	<u>80,232</u>	<u>539</u>	<u>87,563</u>
Fund Cash Balance, December 31	<u><u>\$6,429</u></u>	<u><u>\$58,912</u></u>	<u><u>\$351</u></u>	<u><u>\$65,692</u></u>
Reserves for Encumbrances, December 31	<u><u>\$5,964</u></u>	<u><u>\$15,286</u></u>	<u><u>\$1,900</u></u>	<u><u>\$23,150</u></u>

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

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**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Noble County General Health District, Noble County (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board and a Health Commissioner. The District's services include communicable disease investigations, home health, immunization clinics, inspections, birth and death certificates, public health nursing services and issues birth and death certificates and health-related licenses and permits.

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

B. Basis of Accounting

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

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (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:

Public Health Nursing Services Fund - This fund receives fees for services from Medicare, Medicaid, other agencies and insurance companies for providing home health visits to residents of Noble County.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Public Health Infrastructure Fund – This fund receives federal grant money passed through Ohio Department of Health to increase Public Health Emergency Response and Planning for both Noble and Monroe Counties.

Help Me Grow Fund – This fund receives state and federal grant money via contracts with other agencies to provide services for children of Noble County.

3. Fiduciary Funds (Trust and Agency Funds)

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:

Health Insurance Fund – This Agency Fund receives employee deductions and the employer share for health care and life insurance premiums.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

A summary of 2003 budgetary activity appears in Note 2.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$259,884	\$261,454	\$1,570
Special Revenue	1,286,335	1,139,239	(147,096)
Fiduciary	736	312	(424)
Total	\$1,546,955	\$1,401,005	(\$145,950)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$327,356	\$269,781	\$57,575
Special Revenue	1,296,976	1,173,845	123,131
Fiduciary	886	592	294
Total	\$1,625,218	\$1,444,218	\$181,000

Contrary to Ohio Rev.Code Section 5705.41(D), the District did not always obtain prior certification before incurring an obligation. Contrary to Section 3709.28, the District had appropriations which exceeded estimated revenue in the General Fund by \$67,472, Home Health Fund, Special Revenue Fund type, by \$34,736 and the Help Me Grow Fund, Special Revenue Fund type, by \$51,832.

3. PROPERTY TAX

The Noble County Commissioners levy a one-mill levy for the operation of the District Board of Health. This relieves the Townships and Villages of Noble County of the costs of operating the District.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

3. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of 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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions; and
- Employee theft.

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

Risk Pool Membership

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

5. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$25,288,098	\$20,174,977
Liabilities	<u>(12,872,985)</u>	<u>(8,550,749)</u>
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$3,158,813	\$2,565,408
Liabilities	<u>(792,061)</u>	<u>(655,318)</u>
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

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NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health:</i>			
WIC Administration	61-1-001-1-CL-04	10.557	\$17,653
	61-1-001-1-CL-03	10.557	45,505
Total WIC Administration			<u>63,158</u>
Total United States Department of Agriculture			63,158
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health:</i>			
Immunization Action Plan	61-1-001-2-AZ-03	93.268	15,650
Cooperative Agreements for State-Based Comprehensive Breast & Cervical Cancer Early Detection Program Grant	61-1-001-2-AE-03	93.919	61,172
Center for Disease and Prevention Investigations and Technical Assistance Comprehensive Breast & Cervical Cancer Early Detection Program Grant	61-1-001-2-AE-04	93.283	58,043
Center for Disease and Prevention Investigations and Technical Assistance Public Health Infrastructure Grant	61-1-001-2-BI-04	93.283	71,993
	61-1-001-2-BI-03	93.283	114,129
Total Public Health Infrastructure Grant			<u>186,122</u>
Total Center for Disease and Prevention Investigations and Technical Assistance			244,165
Children Family Health Services Grant (CFHS)	61-1-001-1-MC-04	93.994	15,628
Total United States Department of Health and Human Services			<u>336,615</u>
Total Federal Award Expenditures			<u><u>\$399,773</u></u>

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

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



**Auditor of State
Betty Montgomery**

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

Noble County General Health District
Noble County
44069 State Route 821
Caldwell, Ohio 43724

To Members of the Board:

We have audited the accompanying financial statement of the Noble County General Health District, Noble County, Ohio (the District), as of and for the year ended December 31, 2003, and have issued our report thereon dated November 22, 2004, in which we express no opinion on the Medicare claim payment reimbursement receipts in the Special Revenue Public Health Nursing Fund. Except for the matter relating to Medicare claim payment reimbursement receipt transactions discussed above, 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 statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 instances of noncompliance that are required to be reported under *Government Auditing Standard* which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-003 and 2003-004.

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. We believe finding 2003-004 to be a material weakness. We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the District's management in a separate letter dated November 22, 2004.

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

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

Betty Montgomery
Auditor of State

November 22, 2004



Auditor of State Betty Montgomery

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

Noble County General Health District
Noble County
44069 State Route 821
Caldwell, Ohio 43724

To Members of the Board:

Compliance

We have audited the compliance of Noble County General Health District, Noble County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

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.

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Noble County General Health District
Independent Accountants' Report 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 of Health, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 25, 2004

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Fiscal officers may prepare so-called “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, the \$5,000 limit on the issuance of blanket certificates and the requirement that blanket certificates not extend beyond three months have been removed from the law. Effective September 26, 2003, blanket certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund 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 current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District did not properly certify the availability of funds prior to purchase commitment for 32 percent of the transactions we tested in 2003. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

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

FINDING NUMBER 2003-001 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code § 5705.41(D) (1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 3709.28 provides, in part, on or about the first Monday of April the District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the board of health may, by resolution, transfer funds from one appropriation item to another, reduce or increase any items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The District increased appropriations in December 2003 and failed to obtain an amended certificate of estimated resources in like amounts which resulted in funds having appropriations exceeding estimated resources at December 31, 2003. The funds are as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$259,884	\$327,356	(\$67,472)
Special Revenue Fund Type:			
Home Health	257,510	292,246	(34,736)
Help Me Grow	248,706	300,538	(51,832)

We recommend the District only increase appropriations if there are adequate estimated resources to allow the appropriation revision. If the appropriation revision is due to a new revenue source or additional revenues over the original estimated amount, the District should obtain a certificate of estimated resources from the County Budget Commission before the board approves a resolution to increase the appropriation measure.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

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

FINDING NUMBER 2003-003

Reportable Condition

In order to advance cash from one fund to another, Auditor of State Bulletin 97-003 suggests there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established. In addition, advances must be approved by a formal resolution of the taxing authority of the subdivision which must include: (1) a specific statement that the transaction is an advance of cash, and; (2) an indication of the money (fund) from which it is expected that repayment will be made.

To alleviate short-term cash flow problems with reimbursement-type grants, the Board of Health advanced cash between funds with dissimilar purposes. The District's General Fund does not maintain a large enough cash balance to enable the District to advance monies from the General Fund. These short-term advances were paid back in a timely manner when the grant revenue was received.

We recommend that the Board of Health only advance money between funds with similar purposes. The Fiscal Officer could refer to Auditor of State Bulletin 97-003 for the proper procedures to initiate an advance.

FINDING NUMBER 2003-004

Material Weakness – Lack of Service Organization Auditing Procedures

The District has delegated patient Medicare claims processing, which is a significant accounting function, to a third-party administrator. The District is mandated to contract with a certain third party administrator for this service. The District's third party administrator has obtained a report on controls placed in operation and tests of operating effectiveness to help ensure the District that the third party administrator has established procedures to determine that sufficient controls are in place and operating effectively to reduce the risk that Medicare claims have been completely and accurately processed in accordance with the Medicare contract.

The third party administrator did not provide the District with a copy of its most current report on controls placed in operation and tests of operating effectiveness.

We recommend the District implement procedures to annually obtain a copy of third party administrator's report on controls placed in operation and tests of operating effectiveness. The District should review the report to obtain an appropriate level of assurance that Medicare claim transactions are being processed in conformance with the contract.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
DECEMBER 31, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u> ; <i>Explain:</i>
2002-001	Ohio Rev. Code Section 5705.41(D)(1) states no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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 encumbrance.	No	Reissued as Finding Number 2003-001.
2002-002	Reportable Condition – In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash for the same purpose for which the fund receiving the cash was established.	No	Reissued as Finding Number 2003-003.

**NOBLE COUNTY GENERAL HEALTH DISTRICT
NOBLE COUNTY**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-001 Ohio Rev. Code Section 5705.41 (D) Fiscal officer's certification	The Fiscal Officer plans to discuss improving prior certification procedures with staff. In addition, the fiscal officer plans to closely monitor the situation.	December 31, 2004	Shawn Ray, Health Commissioner/Fiscal Officer
2003-002 Ohio Rev. Code Section 3709.28 appropriations exceed estimated resources	The Fiscal Officer plans to improve the supplementing of appropriations.	December 31, 2004	Shawn Ray, Health Commissioner/Fiscal Officer
2003-003 Improper advancing of money	The Fiscal Officer plans to review the cash flow problem	December 31, 2004	Shawn Ray, Health Commissioner/Fiscal Officer
2003-004 No copy of report over internal controls for Medicare claim processing	The fiscal office plans to contact the third party administrator concerning obtaining a copy of the report over internal controls.	Ongoing	Shawn Ray, Health Commissioner/Fiscal Officer



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NOBLE COUNTY GENERAL HEALTH DISTRICT

NOBLE 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 23, 2004**