



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Montgomery County Combined Health District
451 West Third Street
Dayton, Ohio 45422

To the Members of the Board:

We have audited the accompanying financial statements of the Montgomery County Combined Health District, (the Health District) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Health 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Health 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 Health District as of December 31, 1999, 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 August 17, 2000 on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Health District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 17, 2000

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Human Services Levy	\$16,112,532	\$0	\$16,112,532
Federal Grants	3,822,469	405,366	4,227,835
State Grants	1,634,268	1,685,450	3,319,718
Local Government Receipts	164,000	0	164,000
Contractual Services	1,945,361	41,400	1,986,761
Licenses & Permits	741,125	42,462	783,587
Charges for Services	2,936,435	474,185	3,410,620
Fines & Forfeitures	10,100	46,763	56,863
Other Receipts	1,113,816	40,600	1,154,416
	28,480,106	2,736,226	31,216,332
Cash Disbursements:			
Current:			
Salaries	13,786,503	2,089,509	15,876,012
Supplies	1,062,177	42,935	1,105,112
Equipment	3,056,853	107,756	3,164,609
Contracts - Repair	183,454	17,024	200,478
Contracts - Services	4,287,772	11,640	4,299,412
Rentals	386,056	1,946	388,002
Travel and Expenses	272,099	50,055	322,154
Advertising and Printing	41,305	126	41,431
Public Employee's Retirement	1,595,713	252,122	1,847,835
Worker's Compensation	118,831	0	118,831
Unemployment Compensation	2,306	(20)	2,286
Other	1,381,621	97,402	1,479,023
	26,174,690	2,670,495	28,845,185
Total Receipts Over/(Under) Disbursements	2,305,416	65,731	2,371,147
Other Financing Receipts/(Disbursements):			
Transfers-In	0	318,000	318,000
Transfers-Out	(318,000)	0	(318,000)
	(318,000)	318,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,987,416	383,731	2,371,147
Fund Cash Balances, January 1, 1999	11,839,800	1,416,826	13,256,626
Fund Cash Balances, December 31, 1999	\$13,827,216	\$1,800,557	\$15,627,773
Reserves for Encumbrances, December 31, 1999	\$2,491,118	\$87,366	\$2,578,484

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

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**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Combined Health District of Montgomery County (the Health District) operates pursuant to Section 3709.07 of the Ohio Revised Code. It is responsible for health services in all of Montgomery County, including cities and villages, with the City of Oakwood being the only exception. The Health District operates under the direction of a nine-member Board of Health. Five members of this Board are appointed by the General Health District Advisory Council. The District Advisory Council includes one member from the Montgomery County Board of Commissioners. The other four members are representatives from the four cities that complete the Health District. These four cities include: Huber Heights, Kettering, Miamisburg, and Vandalia. A Health Commissioner is appointed by the Board to supervise the activities of the Combined Health District.

The Montgomery County Commissioners are the taxing authority for the Health District. The Montgomery County Auditor and Montgomery County Treasurer are responsible for fiscal control of the resources of the Health District. Services provided by the Health District include: prevention and restriction of diseases, sanitation, vital statistics, abatement, removal of nuisances, air pollution control, and alcoholism prevention and treatment.

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

B. BASIS OF ACCOUNTING

The Montgomery County Auditor, as fiscal agent for the Health District, prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when the 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

In accordance with the Ohio Revised Code, the Health District's cash is held and invested by the Montgomery County Treasurer, who acts as custodian for Health District monies. The Health District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount. All interest earned is required by Ohio law to be credited to the General Fund of the County.

D. FUND ACCOUNTING

The Montgomery County Auditor, as fiscal agent for the Health District, maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Health District classifies its funds into the following types:

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

General Fund

The Board of Health Fund is the general operating fund. It is used to account for all financial resources, including federal funds that were legally restricted to expenditures for specified purposes.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes, except for legally restricted federal funds which were recorded in the general fund. The Health District had the following Special Revenue Funds:

Food Service Fund - This fund is used to account for revenue received from the issuance of food service vendor operation licenses. Activities supported by this fund include the administration and enforcement of Section 3732, Ohio Revised Code relating to food service operations within the County.

Air Resources Fund - This fund is used to account for federal and state revenue relating to air pollution control. Activities supported by this fund include the enhancement and betterment of air quality in Montgomery County and the contiguous area.

E. BUDGETARY PROCESS

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

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. Unencumbered appropriations lapse at year end.

Estimated Resources

The Montgomery County Budget Commission certifies its actions to the Health District by September 1. As part of this certification, the Health District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1 this certificate is amended to include an unencumbered balances from the preceding year. Prior to December 31, the Health District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

Encumbrances

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

A summary of 1999 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.

G. UNPAID VACATION AND SICK LEAVE

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$30,050,452	\$28,480,106	(\$1,570,346)
Special Revenue	2,534,750	3,054,226	519,476
Total	<u>\$32,585,202</u>	<u>\$31,534,332</u>	<u>(\$1,050,870)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$39,747,237	\$28,983,808	\$10,763,429
Special Revenue	3,405,886	2,757,861	648,025
Total	<u>\$43,153,123</u>	<u>\$31,741,669</u>	<u>\$11,411,454</u>

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999
(Continued)**

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

Public utilities are also taxed on personal and real property located within the Health District.

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 Health District.

4. RETIREMENT SYSTEMS

The Health District's 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 1999, PERS members contributed 8.5% of their gross salaries. The Health District contributed an amount equal to 13.55% of participants' gross salaries. The Health District has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The Health District has obtained commercial insurance for the following risks:

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

The Health District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999

Federal Grantor/Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>(Passed through Ohio Department of Health)</i>			
Women, Infants and Children (WIC) Project	57-1-01-F-CL-389	10.557	\$1,439,900
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through County Corp)</i>			
Community Development Block Grant	B-92-UC-39-0004	14.218	25,228
<i>(Passed through City of Dayton)</i>			
Community Development Block Grant	B-95-MC-39-00010 & B-96-MC-39-00010	14.218	226,769
<i>(Passed through Montgomery County)</i>			
Community Development Block Grant	B-97-UC-39-0004	14.218	<u>83,340</u>
Total Community Development Block Grants			335,337
<i>(Passed through Montgomery County)</i>			
Lead Based Paint Hazard Reduction	OHLAG0056-95	14.900	<u>301,958</u>
Total U.S. Department of Housing and Urban Development			637,295
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>(Direct Receipt)</i>			
Air Pollution Control Program	A-005264-99-0	66.001	358,326
Particulate Matter	PM-985772-01	66.606	<u>115,933</u>
Total U.S. Environmental Protection Agency			474,259
U.S. DEPARTMENT OF EDUCATION			
<i>(Passed through Montgomery County)</i>			
Drug Free Schools	57-57681-01-DFS-P-98-1	84.186	40,493
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Passed through Ohio Department of Health)</i>			
Tuberculosis Grant	57-1-01-P-CK-392	93.118	81,416
Abstinence Education Program	57-1-01-F-CS-320	93.235	22,572
Immunization Action Plan	57-1-01-P-AZ-392	93.268	155,473
Ryan White Planning and Evaluation Initiative	57-1-01-F-BV-392	93.917	8,290
Federal AIDS Prevention	57-1-01-P-AS-392	93.940	238,666
Sexually Transmitted Disease Control Program	57-1-01-P-BX-392	93.977	99,830
Preventive Health Block Grant	57-1-01-P-BP-387	93.991	1,213
Physical Activity	57-1-01-P-BN-387		<u>10,144</u>
Total Preventive Health and Health Services			11,357
<i>(Passed through Montgomery County)</i>			
Title XX	N/A	93.667	101,987
Alcohol/Drug Abuse Mental Health Services Block Grant	N/A	93.959	890,970
<i>(Passed through Project Cure)</i>			
HIV Early Intervention	N/A	93.959	<u>169,163</u>
Total Alcohol/Drug Abuse Mental Health Services Block Grant			1,060,133
<i>(Passed through Wright State University)</i>			
Maternal & Child Health Federal Consolidated Programs: Grandparents/ Grandchildren Initiative	5-H25-MC-00111-02	93.110	2,786
<i>(Direct Receipt)</i>			
Homeless Health McKinney Grant	5 H66 CS 00421-07 & 6 H66 CS 00421-07	93.151	<u>183,571</u>
Total U.S. Department of Health and Human Services			<u>1,966,081</u>
Totals			<u><u>\$4,558,028</u></u>

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

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



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

Montgomery County Combined Health District
451 West Third Street
Dayton, Ohio 45422

To the Members of the Board:

We have audited the financial statements of the Montgomery County Combined Health District (the Health District) as of and for the year ended December 31, 1999, and have issued our report thereon dated August 17, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 Health 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the Health District in a separate letter dated August 17, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Health 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the 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 1999-60357-001.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Health District in a separate letter dated August 17, 2000.

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



Jim Petro
Auditor of State

August 17, 2000



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

Montgomery County Combined Health District
Montgomery County
451 West Third Street
Dayton, Ohio 45422

To the Members of the Board:

Compliance

We have audited the compliance of the Montgomery County Combined Health District (the Health District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The Health District's major federal programs are 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 each of its major federal programs is the responsibility of the Health District's management. Our responsibility is to express an opinion on the Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Health 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 Health District's compliance with those requirements.

In our opinion, the Health District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the Health District in a separate letter dated August 17, 2000.

Internal Control Over Compliance

The management of the Health 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 Health 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.

We noted a certain matter involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Health District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 1999-60357-002.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the Health District in a separate letter dated August 17, 2000.

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



Jim Petro
Auditor of State

August 17, 2000

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999**

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)?	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?	Yes
(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):	Women, Infants, Children Project (CFDA #10.557) and Community Development Block Grant (CFDA # 14.218)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999
(Continued)**

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

FINDING NUMBER 1999-60357-001

Cash Fund Balance Reconciliations

To determine that cash fund balances are accurate and transactions are being properly posted to the individual funds, all cash accounts should be reconciled in a timely manner. The Health District did not complete reconciling the December 31, 1999 accounts until August, 2000, which resulted in numerous errors being carried forward each month in the detail records. Significant effort was necessary by the Health District staff to review fund account activity and identify variances between Health District records and the fiscal agent's (Montgomery County) fund balances.

The Health District should perform cash fund balance reconciliations in a timely manner to help assure accurate and complete financial records and to properly monitor financial activity.

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Reporting of Federal Funds

Finding Number	1999-60357-002
CFDA Title and Number	All CFDA Titles listed on the Schedule of Federal Awards Expenditures except CFDA # 66.001 (Air Pollution Control Program) and CFDA # 66.606 (Particulate Matter Program).
Federal Award Number / Year	All Federal Award Numbers except award # A-005264-99-0 for the Air Pollution Control Program and # PM-985772-01 for the Particulate Matter Program.
Federal Agency	All Federal Agencies except the U.S. Environmental Protection Agency.
Pass-Through Agency	All pass-through agencies.

Reportable Condition

The Montgomery County Combined Health District reported federal funds that were legally restricted for specific purposes in the general fund rather than in the special revenue fund type. Consequently, the receipts and disbursements reported in the special revenue fund type were understated and the receipts and disbursements reported in the general fund were overstated.

The Combined Health District officials should meet with the County Auditor (their fiscal agent) and establish special cost centers, projects or index codes so that financial activity pertaining to federal programs may be properly reported within the special revenue fund types on the annual report.

In addition, SOP 98-3, paragraph 5.5, requires the auditee to be able to reconcile amounts presented in the financial statements to related amounts in the schedule of expenditures of federal awards. Because federal programs are not recorded by separate special cost centers, projects or index codes in special revenue funds, it is difficult to reconcile between the financial statements as presented and the schedule of federal expenditures. Properly recording federal program financial activity in special revenue funds will facilitate this reconciliation.

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
1998-60357-001	Federal funds that were legally restricted for specific purposes were reported in the general fund rather than in the special revenue fund type.	No	Health District officials have met with representatives of the County Auditor's office. The Health District and the County Auditor's office are in the process of establishing specific cost centers to segregate the activity of each federal program on the fiscal agents' system within a special revenue fund type. Similar condition reported for 1998.

**MONTGOMERY COUNTY COMBINED HEALTH DISTRICT
MONTGOMERY COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-60357-002	<p>The Health District Administration is reviewing a plan for separating federal funds from the general fund. The Health District has met with Montgomery County Auditor representatives to discuss the technical aspects of establishing additional funds. In this meeting, questions arose regarding the definition of federal funds, timing issues regarding grant fiscal years versus the Health District's fiscal year, and specifics of recording multiple funded programs.</p> <p>Subsequent meetings were held and questions were answered. The next step is to develop a plan to implement through the Health District Accounting and Budgeting System, the coordination of data transfer to the Montgomery County financial reporting system.</p>	<p>Fall 2000 - Establish necessary funds, processes and procedures.</p> <p>Winter 2000 - Convert current year information for year-to-date activity to the new, revised funds</p>	Hall J. Compton, Supervisor of Accounting Services



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MONTGOMERY COUNTY COMBINED HEALTH DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 10, 2000**