



**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2003**



**Auditor of State
Betty Montgomery**

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Medina County General Health District
Medina County
4800 Ledgewood Drive
Medina, Ohio 44256

To Members of the Board:

We have audited the accompanying financial statements of the Medina County General Health District, Medina, Ohio, (the Board of Health) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Board of Health'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 Board of Health 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 Medina County General Health District 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 September 16, 2004 on our consideration of the Board of Health'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 Board of Health, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards 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 management, and the Board of Health, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 16, 2004

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Local Taxes	\$2,331,834			\$2,331,834
Intergovernmental	474,464	\$767,949		1,242,413
Charges for Services	47,755			47,755
Licenses, Permits, and Fees	977,458	381,984		1,359,442
Rental Income	34,452			34,452
Other	21,404	14,482		35,886
	<u>3,887,367</u>	<u>1,164,415</u>	<u></u>	<u>5,051,782</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	1,505,114	569,259		2,074,373
Fringe Benefits	357,071	85,343		442,414
Supplies	60,005	41,361		101,366
Remittances to State	23,857	35,912		59,769
Equipment	101,039	185,702		286,741
Contracts - Repair			\$248	248
Contracts - Services	251,204	103,681	29,677	384,562
Rentals	1,776	34,452		36,228
Travel	60,822	12,369		73,191
Utilities	57,914	513		58,427
Advertising and Printing	25,691	26		25,717
Public Employee's Retirement	211,016	72,783		283,799
Worker's Compensation	7,365	3,077		10,442
Unemployment Compensation	1,994			1,994
Other	117,267	9,448		126,715
Debt Service:				
Redemption of Principal			431,778	431,778
Interest and Fiscal Charges			96,832	96,832
	<u>2,782,135</u>	<u>1,153,926</u>	<u>558,535</u>	<u>4,494,596</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,105,232</u>	<u>10,489</u>	<u>(558,535)</u>	<u>557,186</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			515,000	515,000
Transfers-Out	(515,000)			(515,000)
Refunds	1,572			1,572
	<u>(513,428)</u>	<u></u>	<u>515,000</u>	<u>1,572</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	591,804	10,489	(43,535)	558,758
Fund Cash Balances, January 1	546,110	308,104	147,269	1,001,483
Fund Cash Balances, December 31	<u>\$1,137,914</u>	<u>\$318,593</u>	<u>\$103,734</u>	<u>\$1,560,241</u>
Reserves for Encumbrances, December 31	<u>\$135,478</u>	<u>\$75,506</u>	<u>\$3,328</u>	<u>\$214,312</u>

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

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**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Medina County General Health District, Medina County, (the Board of Health) 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 Board of Health is directed by a six-member Board and a Health Commissioner. The County Auditor and the County Treasurer are responsible for the fiscal control of the resources of the Board of Health which are maintained in the funds described below. The Board of Health provides medical assistance and public health safety to the citizens of Medina County. In addition, the Women, Infants, and Children's Program (WIC) (with its own director and advisory board) is under the auspices of the Board of Health.

The Board of Health's management believes these financial statements present all activities for which the Board of Health 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 Board of Health's cash. The Board of Health'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 Board of Health uses fund accounting to segregate cash and investments that are restricted as to use. The Board of Health 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 Board of Health has the following significant Special Revenue Funds:

Access to Dental Care Fund - This fund receives fees for providing dental services to low income and uninsured families.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Food Service Organization and Food Establishment Fund - This fund receives monies from the sale of licenses, permits, and the collection of fees from Restaurants, Supermarkets, Convenient Stores, etc. for the prevention of disease and the promotion of public health.

Women, Infants and Children (WIC) Fund - This is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Board of Health has the following significant Capital Projects Fund:

Building Fund - This fund receives monies from the General Fund for the construction, remodeling and maintenance of the Board of Health's facility and the payment of the related bond debt.

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 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. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Board of Health to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. During 2003, the Board of Health did not encumber all commitments as required by Ohio Law.

A summary of 2003 budgetary activity appears in Note 3.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 statements.

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. EQUITY IN POOLED CASH AND INVESTMENTS

The Medina County Auditor acts as fiscal agent for the Board of Health. The Medina County Treasurer maintains a cash and investment pool used by all funds held by the County, including those of the Board of Health. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash on deposit with the fiscal agent at December 31, 2003 was \$1,560,241.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,975,326	\$3,888,939	(\$86,387)
Special Revenue	2,179,999	1,164,415	(1,015,584)
Capital Projects	711,442	515,000	(196,442)
Total	\$6,866,767	\$5,568,354	(\$1,298,413)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,674,865	\$3,432,613	\$242,252
Special Revenue	1,700,302	1,229,432	470,870
Capital Projects	579,000	561,863	17,137
Total	\$5,954,167	\$5,223,908	\$730,259

Contrary to Ohio Revised Code Section 5705.41(D), the Board of Health did not certify the availability of funds for certain expenditures during 2003.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

4. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Outstanding 1/1/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding 12/31/2003</u>
General Obligation Limited Tax Bonds County of Medina, Ohio Health District Facility Bonds, Series 1999, interest rates range from 4.900% to 5.375%	\$1,740,000	\$0	\$215,000	\$1,525,000
Notes Payable, 5.45%, due January 1, 2005	<u>216,778</u>	<u>0</u>	<u>216,778</u>	<u>0</u>
	<u>\$1,956,778</u>	<u>\$0</u>	<u>\$431,778</u>	<u>\$1,525,000</u>

Outstanding general obligation limited tax bonds were issued by Medina County for the purchase of the Health District facility. The note payable was for the adjoining vacant land parcel, it was paid-off by the Board of Health in September 2003. All debt is a direct obligation of the Board of Health for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the Board of Health.

Amortization of the Health District's debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Facility Bonds, Series 1999</u>
2004	\$297,397
2005	300,847
2006	304,332
2007	301,832
2008	303,702
2009	<u>299,677</u>
Total	<u>\$1,807,787</u>

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

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

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Health. 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 Revenue. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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 Board of Health.

6. RETIREMENT SYSTEM

The Board of Health's full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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, OPERS members contributed 8.5% of their gross salaries. The Board of Health contributed an amount equal to 13.55% of participants' gross salaries. The Board of Health has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Board of Health has obtained commercial insurance for the following risks:

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

The Board of Health also provides health insurance to its employees through the Medina County "Self-Insurance Program".

8. 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

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MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY

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

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the Ohio Department of Health:</i>			
Special Supplemental for Nutrition Program for Women, Infants, & Children	5210011CL03	10.557	\$ 185,695
	5210011CL04	10.557	52,646
<i>Total passed through the Ohio Department of Health</i>			238,341
TOTAL U.S. DEPARTMENT OF AGRICULTURE			238,341
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
<i>Passed through the Ohio Department of Health:</i>			
Immunization Action Plan	5210012AZ02	93.268	1,499
	5210012AZ03	93.268	33,476
<i>Total passed through the Ohio Department of Health</i>			34,975
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			34,975
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES - Centers for Disease Control & Prevention</u>			
<i>Passed through the Ohio Department of Health:</i>			
Investigation & Technical Assistance	5210012BI03	93.283	110,629
	5210012BI04	93.283	27,186
<i>Total passed through the Ohio Department of Health</i>			137,816
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES - CDC			137,816
TOTAL FEDERAL EXPENDITURES			\$ 411,132

The accompanying note to this schedule is an integral part of this schedule.

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA COUNTY**

**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity 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**

Medina County General Health District
Medina County
4800 Ledgewood Drive
Medina, Ohio 44256

To Members of the Board:

We have audited the accompanying financial statements of Medina County General Health District, Medina, Ohio, (the Board of Health) as of and for the year ended December 31, 2003, and have issued our report thereon dated September 16, 2004. 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 Board of Health'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are disclosed in the accompanying Schedule of Findings as item 2003-001. We also noted a certain immaterial instance of noncompliance that we have reported to the Board of Health's management in a separate letter dated September 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Health'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 Board of Health'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 2003-002.

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 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 a material weakness. 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 the Board of Health's management in a separate letter date September 16, 2004.

This report is intended solely for the information and use of management and 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

September 16, 2004



Auditor of State Betty Montgomery

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

Medina County General Health District
Medina County
4800 Ledgewood Drive
Medina, Ohio 44256

To Members of the Board:

Compliance

We have audited the compliance of Medina County General Health District, Medina, Ohio, (the Board of Health) 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 Board of Health'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 Board of Health's management. Our responsibility is to express an opinion on the Board of Health'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 Board of Health'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 Board of Health's compliance with those requirements.

In our opinion, the Board of Health 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 Board of Health 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 Board of Health's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We did however note a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to the Board of Health's management in a separate letter dated September 16, 2004.

This report is intended solely for the information and use of management and 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

September 16, 2004

**MEDINA COUNTY GENERAL HEALTH DISTRICT
MEDINA 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	Unqualified
<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)?	No
<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):	10.557 Special Supplemental for Nutrition Program for Women, Infants, & Children
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: > \$ 100,000
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states in part, that 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 encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides 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 both at the time that the contract or order was made and at the time he is completing his certification a sufficient sum was 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, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (which was increased to \$3,000 as of April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Board upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful.

Of the 32 expenditures tested 18 (56.3%) were not certified by the Business/Fiscal Director prior to incurring the commitment and the two exceptions noted above were not utilized. The Board of Health should inform all District employees of the requirements of Ohio Rev. Code Section 5705.41(D) and the importance of certifying the availability of funds. The Board of Health should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

FINDING NUMBER 2003-002

Material Weakness

A good system of internal controls includes a reconciliation between the records of the government and its bank account or those records kept by their fiscal agent. The Health District failed to reconcile their records to the records kept by Medina County, their fiscal agent, for the period July 2003 through December 31, 2003. Failure to reconcile on a timely basis could result in an error or irregularity occurring that would not be detected during the normal course of business.

The Health District should reconcile their financial records to their bank account and those records kept by the Medina County Auditor. In addition, the Finance Director should submit a copy of the reconciliation to the Health Board for their review and approval.

3. FINDINGS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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MEDINA COUNTY GENERAL HEALTH DISTRICT

MEDINA 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
NOVEMBER 4, 2004**