



**Auditor of State
Betty Montgomery**

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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**Auditor of State
Betty Montgomery**

General Health District
Allen County
P.O. Box 1503
219 East Market Street
Lima, Ohio 45802

To the Members of the Board:

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

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

Betty Montgomery
Auditor of State

June 14, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

General Health District
Allen County
P.O. Box 1503
219 East Market Street
Lima, Ohio 45802

To the Members of the Board:

We have audited the accompanying financial statements of the General Health District, Allen County, (the District), as of and for the year ended December 31, 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial 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 more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District, as of December 31, 2004, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to form an opinion on the financial statements. U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* requires presenting a schedule of federal awards that is not a required part of the financial statements. We subjected the schedule of federal award expenditures to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Betty Montgomery
Auditor of State

June 14, 2005

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards		\$980,033	\$980,033
Intergovernmental	\$782,726	244,096	1,026,822
Permits		23,684	23,684
Fees	761,570	151,780	913,350
Licenses	31,155	292,772	323,927
Contractual services	62,711	229,711	292,422
Other receipts	15,613	10,847	26,460
Total Cash Receipts	1,653,775	1,932,923	3,586,698
Cash Disbursements:			
Salaries	967,438	1,195,345	2,162,783
Supplies	59,196	137,507	196,703
Remittances to State	131,401	28,436	159,837
Equipment	53,413	91,065	144,478
Contracts - Repair	1,426	1,257	2,683
Contracts - Services	67,282	26,844	94,126
Travel	11,308	26,098	37,406
Utilities and rentals	118,076	62,430	180,506
Public employee's retirement	136,244	150,424	286,668
Medicare Tax	11,088	13,923	25,011
Health & Life Insurance	2,772	144,738	147,510
Worker's compensation	6,897	10,716	17,613
Other	68,082	47,008	115,090
Total Cash Disbursements	1,634,623	1,935,791	3,570,414
Total Receipts Over/(Under) Disbursements	19,152	(2,868)	16,284
Other Financing Receipts/(Disbursements):			
Transfers-In	14,545	103	14,648
Transfers-Out	(163,103)	(14,545)	(177,648)
Total Other Financing Receipts/(Disbursements)	(148,558)	(14,442)	(163,000)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(129,406)	(17,310)	(146,716)
Fund Cash Balances, January 1	164,923	115,970	280,893
Fund Cash Balances, December 31	<u>\$35,517</u>	<u>\$98,660</u>	<u>\$134,177</u>

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Internal Service
Cash Receipts:	
Other Reciepts	\$21,247
Total Cash Receipts	21,247
Cash Disbursements:	
Claims and Premium Expenses	191,193
Total Cash Disbursements	191,193
Total Receipts Over/(Under) Disbursements	(169,946)
Other Financing Receipts	
Transfers-In	163,000
Total Other Financing Receipts	163,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(6,946)
Fund Cash Balance, January 1	17,486
Fund Cash Balance, December 31	\$10,540

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the General Health District, Allen County, (the District), as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District maintains direct fiscal control over the funds deposited with the Allen County Treasurer. The Allen County Auditor serves as fiscal agent.

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

B. Basis of Accounting

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

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

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

D. Fund Accounting

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

1. General Fund

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

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

Child and Family Health Service (Nursing) Fund - This fund provides for improvement of the health of all mothers and children.

3. Proprietary Fund

Internal Service Fund

This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governmental units, on a cost-reimbursement basis. The District had the following significant Internal Service Fund:

Health Benefits Fund – This fund provides funds for the payment of insurance premiums.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year

A summary of 2004 budgetary activity appears in Note 2.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,635,021	\$1,668,320	\$33,299
Special Revenue	1,931,673	1,933,026	1,353
Internal Service	35,000	184,247	149,247
Total	<u>\$3,601,694</u>	<u>\$3,785,593</u>	<u>\$183,899</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,115,101	\$1,797,726	\$1,317,375
Special Revenue	382,343	1,950,336	(1,567,993)
Internal Service	404,250	191,193	213,057
Total	<u>\$3,901,694</u>	<u>\$3,939,255</u>	<u>(\$37,561)</u>

3. INTERGOVERNMENTAL FUNDING

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

4. RETIREMENT SYSTEM

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

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

5. CONTRACTUAL OBLIGATIONS

The District is a party to a twenty year lease for rental of office space. This lease was effective November 1, 1991 and terminates October 31, 2011. The lease requires the District to remit monthly payments on the first day of each month. The lease payments were fixed for the first five years at \$78,500 per year. At the end of the first five years, the lease rental payments increase by five percent to \$82,425 per year and will remain fixed through the tenth year. At the end of the tenth year, the lease rental payments increase by five percent to \$86,546 and will remain fixed through the fifteenth year. At the end of the fifteenth year, the lease rental payments increase five percent to \$90,874 per year and will remain fixed through the conclusion of the original lease. Total payments required to fulfill this lease, as of December 31, 2004 are \$613,463.

During 1993, an amendment was attached to the above lease agreement. Construction was performed on the building to provide additional office space for the WIC division. The additional lease was effective July 21, 1993 and terminates on October 31, 2011. The lease requires the District to remit monthly payments of \$325. At the end of the first five years, the lease rental payments increase by five percent and will remain fixed through the tenth year. At the end of the tenth year, the lease rental payments increase by five percent and will remain fixed through the fifteenth year. At the end of the fifteenth year, the lease rental payments increase by five percent and will remain fixed through the conclusion of the original lease. Total payments required to fulfill this lease as of December 31, 2004 are \$31,155.

The District is a party to a three year lease for rental of office space for its Family Planning Division. This lease was effective December 1, 2002 and terminates on November 21, 2005. This lease requires the District to remit monthly payments of \$1,000. Total payments required to fulfill this lease as of December 31, 2004 are \$11,000.

The District is a party to a one year lease for office space for its WIC Division. This lease was effective October 1, 2004 and terminates on September 30, 2005. This lease requires the District to remit monthly payments of \$1,400. Total payments to fulfill this lease, as of December 31, 2004 are \$12,600.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors, and omissions, injuries to employees and natural disasters. During the audit period, the District contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Maximum	Deductible
Indiana Insurance	Business Personal Property (90% Co-Insurance)	\$ 392,634	\$250
	Extra Expense	50,000	0
	Commercial Crime	20,000	0
	Electronic Data Processing	102,267	250
	Liability/Uninsured Motorists	1,000,000	250
CNA Insurance	Dishonesty/Forgery/Alteration	5,000/employee	250

Risk Pool Membership

The District is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance 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 member's deductibles.

Casualty Coverage - PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP 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. The District has selected the following coverage:

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.

Property Coverage - PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$1,250,000. The Travelers Indemnity Company reinsures losses exceeding \$10,000 in the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed 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 government.

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

6. RISK MANAGEMENT (Continued)

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, 2003 and 2002 (the latest information available):

Casualty Coverage	2003	2002
Assets	<u>\$25,288,098</u>	<u>\$20,174,977</u>
Liabilities	<u>(\$12,872,985)</u>	<u>(\$8,550,749)</u>
Retained Earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>
Property Coverage	2003	2002
Assets	<u>\$3,158,813</u>	<u>\$2,565,408</u>
Liabilities	<u>(\$792,061)</u>	<u>(\$655,318)</u>
Retained Earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

GENERAL HEALTH DISTRICT
ALLEN COUNTY

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

Federal Grantor/Pass Through Grantor Program Title	Pass Through Number	Federal CFDA Number	Award Amount	Receipts	Disbursements
U.S Department of Agriculture					
<i>Passed Through Ohio Department of Health</i>					
Special Supplement Nutrition Program for Women, Infants and Children (WIC)	FY04 CL04	10.557	\$456,370	\$336,246	\$341,085
	FY05 CL05	10.557	457,309	117,865	111,601
Total U.S. Department of Agriculture				454,111	452,686
U.S. Department of Health and Human Services					
<i>Passed Through Ohio Department of Health</i>					
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	FY05 AE05	93.919	130,989	66,229	60,311
Preventive Health and Health Services Block Grant Injury Grant	FY03 EE03	93.991	26,666	2,386	
	FY04 EE04	93.991	26,666	26,666	26,666
Cardiovascular Disease Grant	FY04 ED04	93.991	66,000	66,000	66,000
Subtotal				95,052	92,666
Centers for Disease Control and Prevention - Investigations and Technical Assistance					
Breast and Cervical Cancer Project	FY04 AE04	93.283	130,989	65,462	69,107
Public Health Infrastructure Grant	FY04 BI04	93.283	168,197	90,479	128,942
Public Health Infrastructure Grant	FY05 BI05	93.283	144,533	81,150	46,532
Subtotal				237,091	244,581
Maternal and Child Health Services Block Grant to the States	FY04 MC04	93.994	92,258		31,168
	FY05 MC05	93.994	84,232	77,550	68,410
Subtotal				77,550	99,578
Immunization Grant	FY04 AZ04	93.268	50,000	50,000	50,000
Total U.S. Department of Health and Human Services				525,922	547,136
Total Federal Financial Assistance				<u>\$980,033</u>	<u>\$999,822</u>

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

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes 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 INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

General Health District
Allen County
P.O. Box 1503
219 East Market Street
Lima, Ohio 45802

To the Members of the Board:

We have audited the financial statements of the General Health District, Allen County, (the District), as of and for the year ended December 31, 2004, and have issued our report thereon dated June 14, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated June 14, 2005, we reported matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated June 14, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

June 14, 2005



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

General Health District
Allen County
P.O. Box 1503
219 East Market Street
Lima, Ohio 45802

To the Members of the Board:

Compliance

We have audited the compliance of the General Health District, Allen County, (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

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

Betty Montgomery
Auditor of State

June 14, 2005

**GENERAL HEALTH DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse: GAAP Basis Unqualified: Regulatory Basis
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<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)?	No
<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):	CFDA #10.557 Special Supplemental Food Program for Women, Infants, and Children
<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?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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GENERAL HEALTH DISTRICT

ALLEN 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
AUGUST 4, 2005**