



**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Health:

We have audited the accompanying financial statements of Warren County Combined Health District, Warren County, Ohio (the Health District), as of and for the year ended December 31, 2000. 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 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 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, 2000, 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 15, 2001 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. 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.

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 the 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, Board of Health, federal awarding agencies and pass-through entities, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

August 15, 2001

**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Taxes	\$973,986			\$973,986
Intergovernmental	201,072	541,013		742,085
Charges for Services	160,881	28,400		189,281
Fees, Licenses, and Permits	658,948	183,513		842,461
Other Receipts	23,823	110,086	18,100	152,009
<b>Total Cash Receipts</b>	<u>2,018,710</u>	<u>863,012</u>	<u>18,100</u>	<u>2,899,822</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	1,320,700	105,621		1,426,321
Supplies	125,405	5,046		130,451
Equipment	78,062			78,062
Contracts - Services	82,610	133		82,743
Rentals	16,621			16,621
Travel	5,079	22		5,101
Advertising and Printing	7,265	1,724		8,989
Public Employee's Retirement	146,095	10,159		156,254
Worker's Compensation	1,021			1,021
Project Fund Disbursements		621,329		621,329
Remittance - State	7,052	25,408		32,460
Other	443,430	48,460		491,890
Trust Fund Payouts			11,950	11,950
<b>Total Cash Disbursements</b>	<u>2,233,340</u>	<u>817,902</u>	<u>11,950</u>	<u>3,063,192</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(214,630)</u>	<u>45,110</u>	<u>6,150</u>	<u>(163,370)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(214,630)</u>	<u>45,110</u>	<u>6,150</u>	<u>(163,370)</u>
<b>Fund Cash Balances, January 1</b>	<u>933,380</u>	<u>330,719</u>	<u>11,550</u>	<u>1,275,649</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$718,750</b></u>	<u><b>\$375,829</b></u>	<u><b>\$17,700</b></u>	<u><b>\$1,112,279</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$49,321</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$49,321</b></u>

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

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**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Warren County Combined Health District, Warren County, Ohio (the Health District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Health District operates under the direction of a nine member Board of Health, five of whom are elected to overlapping terms by the Health District Advisory Council, and four of whom are appointed by the contract cities of Franklin, Lebanon, Springboro and Mason. The Health District is responsible for the appointment of the Health Commissioner, Medical Director and staff, and for governing activities and setting policies for the Health Department. The Warren County Auditor is responsible for fiscal control of the resources of the Health District. The Warren County Treasurer is the custodian of these funds. Services provided by the Health District include public health care and the prevention or restriction of diseases.

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

**B. Basis of Accounting**

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

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

**C. Fund Accounting**

The Health District uses fund accounting to segregate cash and investments that are restricted as to use. The Health 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 required by law or contract to be restricted.

**2. Special Revenue Funds**

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

Health Grant Fund - This fund receives state and federal funds for maintaining and operating District health programs.

**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Funds (Expendable Trust Fund)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Health District to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as expendable. The Health District had the following significant Fiduciary Fund:

Expendable Trust Fund - This fund is used to account for the funds received as payment for homeowner bonds.

**D. Budgetary Process**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 Health District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2000 budgetary activity appears in Note 3.

**E. 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.

**F. 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 cash basis of accounting used by the Health District.

**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Total Columns**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. FISCAL AND DEPOSITORY CONTROL**

Fiscal control for the Health District is vested with the County Auditor and County Treasurer. The Health District does not maintain any depository accounts or investments. The County Treasurer is responsible for deposits, investments, and maintaining sufficient collateral for all funds of the Health District.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2000 was as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,966,685	\$ 2,018,710	\$ 52,025
Special Revenue	1,606,517	863,012	(743,505)
Expendable Trust	9,100	18,100	9,000
Total	\$ 3,582,302	\$ 2,899,822	\$ (682,480)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,508,732	\$ 2,282,661	\$ 1,226,071
Special Revenue	1,394,534	817,902	576,632
Expendable Trust	21,550	11,950	9,600
Total	\$ 4,924,816	\$ 3,112,513	\$ 1,812,303

**4. 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.

**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Health District.

**5. RETIREMENT SYSTEMS**

The employees of the Health District 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. PERS members contributed 8.5% of their gross salaries. The Health District contributed an amount equal to 10.84% of participants' gross salaries. The Health District has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

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

- Comprehensive property

**Risk Pool Membership**

The Health District belongs to 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 members' deductibles.

**Casualty Insurance**

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are re-insured 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.

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.

The aforementioned casualty re-insurance 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.

**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(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, 2000:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$17,112,129	\$15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained earnings	<u>\$9,397,094</u>	<u>\$8,658,846</u>
 <u>Property Coverage</u>	 <u>2000</u>	 <u>1999</u>
Assets	\$1,575,614	\$1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained earnings	<u>\$1,294,053</u>	<u>\$838,351</u>

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

**7. 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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**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Food Program for Women, Infants, and Children		10.557	
FY01	83-1-01-F-CM-389		\$38,147
FY00	83-1-01-F-CM-389		<u>147,763</u>
Total Special Supplemental Food Program for Women, Infants, and Children			<u>185,910</u>
Total U.S. Department of Agriculture			<u>185,910</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Warren County Department of Human Services</i>			
Social Services Block Grant - Title XX		93.667	
FY01	83-96-2235		19,600
FY00	83-96-2235		<u>19,600</u>
Total Social Services Block Grant - Title XX			<u>39,200</u>
<i>Passed Through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant		93.994	
FY01	83-1-01-F-AI-320		68,623
FY00	83-1-01-F-AI-320		118,727
Total Maternal and Child Health Services Block Grant			<u>187,350</u>
Total U.S. Department of Health and Human Services			<u>226,550</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b><u><u>\$412,460</u></u></b>

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

**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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





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

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

To the Board of Health:

We have audited the financial statements of the Warren County Combined Health District, Warren County, Ohio (the Health District), as of and for the year ended December 31, 2000, and have issued our report thereon dated August 15, 2001. 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.

**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 *Governmental Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Health District in a separate letter dated August 15, 2001.

**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 matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Health District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-60483-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Warren County Combined Health District  
Warren County  
Report on Compliance and on Internal Control Required by  
*Governmental Auditing Standards*  
Page 2

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the Health District in a separate letter dated August 15, 2001.

This report is intended for the information and use of the audit committee, management, the 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 15, 2001



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

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

To the Board of Health:

**Compliance**

We have audited the compliance of Warren County Combined Health District, Warren County, Ohio (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, 2000. The Health District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program 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 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 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, 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.

Warren County Combined Health District  
Warren County  
Report on Compliance With Requirements Applicable to Each  
Major Federal Program and Internal Control Over Compliance  
In Accordance With OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that requires inclusion in this report, that we have reported to management of the Health District of in a separate letter dated August 15, 2001.

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 15, 2001

**WARREN COUNTY COMBINED HEALTH DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2000**

**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 non-compliance 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?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #93.994 Maternal and Child Health Services Block Grant
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2000-60483-001**

**Reportable Condition - Health Insurance**

The Health District participated in the health insurance plan of Warren County. During the County's audit, we noted that it has delegated employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. The County has not established procedures to reasonably determine that health insurance claims have been completely and accurately processed in accordance with the health insurance contract.

**FINDING NUMBER 2000-60483-001**  
**(Continued)**

We recommend that Warren County (the Health District's fiscal agent) implement procedures to reasonably assure the completeness and accuracy (including eligibility and allowability) of health insurance claims processed by their third-party administrator. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of claims processing controls which should satisfy this requirement. As described in that Statement, we suggest that the County obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from the third-party administrator. Such a report, if unqualified, would provide evidence to the County's and Health District's management that health insurance claims were being processed in conformance with the contract.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**WARREN COUNTY COMBINED HEALTH DISTRICT**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 13, 2001**