

District Board of Health Holmes County

**SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2003**

**REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2002**



**Auditor of State
Betty Montgomery**

Board Members
District Board of Health, Holmes County
931 Wooster Road
Millersburg, Ohio 44654

We have reviewed the Independent Auditor's Report of the District Board of Health, Holmes County, prepared by Rea & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The District Board of Health, Holmes County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 9, 2004

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DISTRICT BOARD OF HEALTH
HOLMES COUNTY

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DISTRICT BOARD OF HEALTH, HOLMES COUNTY

Appointed Administrative Officials as of December 31, 2003

For the Years Ended December 31, 2003 and 2002

<u>NAME</u>	<u>TITLE</u>	<u>APPOINTED TERM</u>
Dale Lahm	President	3/1/99 - 2/28/04
Carol Miller	Vice-President	3/1/02 - 2/28/07
Daniel Miller, M.D.	Board Member	3/1/00 - 2/28/05
Paul Miller	Board Member	3/1/01 - 2/28/06
Carol Remington	Board Member	3/1/03 - 2/28/08
Maurice Mullet, M.D.	Health Commissioner	1/1/01 - 12/31/04
Nyla Burick (A)	Fiscal Officer	Employee

Statutory Legal Counsel

Robert Rinfret, Prosecuting Attorney
184 East Jackson Street
Millersburg, Ohio 44654

Official Address

District Board of Health
931 Wooster Road
Millersburg, Ohio 44654

(A) Covered by the county blanket bond.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY

Index of Funds

For the Years Ended December 31, 2003 and 2002

GOVERNMENTAL FUND TYPE:

General Fund Type:

District Health Fund

Special Revenue Fund Type:

Water System Fund

Women, Infants and Children Fund

Solid Waste Fund

Sewage Program

Home Care Fund

Clinic Fund

RV Park/Camp/Marina Fund

Swimming Pool Fund

Manufacturing Home Park Fund

Hospice Fund

Child and Family Health Service Fund

Preventative Health Service Fund

Hospice Endowment Fund

Addiction Recovery Fund

Safe Communities Fund

Immunization Grant Fund

Food Service Fund

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 15, 2004

To the District Board of Health, Holmes County
Millersburg, OH 44654

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the District Board of Health, Holmes County (the "District"), as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. 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 audits.

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 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 of the District Board of Health, Holmes County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2004 on our consideration of the District Board of Health, Holmes County's internal control over financial reporting and our tests of its compliance with 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 District Board of Health, Holmes County, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the December 31, 2003 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the December 31, 2003 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the December 31, 2003 financial statements taken as a whole.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Hea & Associates, Inc.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY*Combined Statement of Cash Receipts, Disbursements,
and Changes in Fund Cash Balances***All Governmental Fund Types**

For the Year Ended December 31, 2003

	GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM ONLY)
<u>RECEIPTS</u>			
Subsidies	\$ 166,260	\$ 70,900	\$ 237,160
Estate Bequests	0	21,261	21,261
Contracts	248,748	360	249,108
Grants	500	397,963	398,463
Fees, Licenses and Permits	158,506	1,039,866	1,198,372
Interest	0	14,395	14,395
Reimbursed Costs	78,946	3,336	82,282
Donations	0	12,128	12,128
Other	20,440	55,462	75,902
TOTAL RECEIPTS	673,400	1,615,671	2,289,071
<u>DISBURSEMENTS</u>			
Personnel	506,526	1,009,581	1,516,107
Travel/Conference	25,098	24,431	49,529
Supplies	41,130	54,798	95,928
Hospice	0	282,320	282,320
Other Expenses	69,151	61,873	131,024
Equipment	9,693	64,437	74,130
Office Space Costs	47,781	0	47,781
Land	0	370,747	370,747
TOTAL DISBURSEMENTS	699,379	1,868,187	2,567,566
EXCESS OF RECEIPTS (UNDER) DISBURSEMENTS	(25,979)	(252,516)	(278,495)
OTHER FINANCING SOURCES (USES)			
Transfers-In	0	46,001	46,001
Transfers-Out	(46,001)	0	(46,001)
Advances-In	0	12,000	12,000
Advances-Out	(12,000)	0	(12,000)
TOTAL OTHER FINANCING SOURCES (USES)	(58,001)	58,001	0
EXCESS OF RECEIPTS AND OTHER SOURCES (UNDER) DISBURSEMENTS AND OTHER USES	(83,980)	(194,515)	(278,495)
FUND CASH BALANCES, JANUARY 1, 2003	146,026	1,003,349	1,149,375
FUND CASH BALANCES, DECEMBER 31, 2003	\$ 62,046	\$ 808,834	\$ 870,880

See accompanying notes to the financial statements.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY*Combined Statement of Cash Receipts, Disbursements,
and Changes in Fund Cash Balances***All Governmental Fund Types**

For the Year Ended December 31, 2002

	GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM ONLY)
<u>RECEIPTS</u>			
Subsidies	\$ 200,543	\$ 28,295	\$ 228,838
Estate Bequests	0	248,166	248,166
Contracts	274,925	5,290	280,215
Grants	57,458	274,366	331,824
Fees, Licenses and Permits	135,154	1,326,264	1,461,418
Interest	0	9,551	9,551
Reimbursed Costs	74,101	643	74,744
Donations	0	14,537	14,537
Other	6,827	49,137	55,964
TOTAL RECEIPTS	749,008	1,956,249	2,705,257
<u>DISBURSEMENTS</u>			
Personnel	500,759	825,332	1,326,091
Travel/Conference	24,745	23,030	47,775
Supplies	33,390	62,672	96,062
Hospice	0	237,078	237,078
Other Expenses	51,450	151,225	202,675
Equipment	13,028	71,937	84,965
Office Space Costs	46,256	73	46,329
TOTAL DISBURSEMENTS	669,628	1,371,347	2,040,975
EXCESS OF RECEIPTS OVER DISBURSEMENTS	79,380	584,902	664,282
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers-In	0	23,150	23,150
Transfers-Out	(23,150)	0	(23,150)
TOTAL OTHER FINANCING SOURCES (USES)	(23,150)	23,150	0
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER USES	56,230	608,052	664,282
FUND CASH BALANCES, JANUARY 1, 2002	89,796	395,297	485,093
FUND CASH BALANCES, DECEMBER 31, 2002	\$ 146,026	\$ 1,003,349	\$ 1,149,375

See accompanying notes to the financial statements.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY
Combined Statement of Receipts - Budget and Actual
For the Year Ended December 31, 2003

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 740,582	\$ 673,400	\$ (67,182)
Special Revenue	<u>2,136,639</u>	<u>1,673,672</u>	<u>(462,967)</u>
Total (Memorandum Only)	<u><u>\$ 2,877,221</u></u>	<u><u>\$ 2,347,072</u></u>	<u><u>\$ (530,149)</u></u>

See accompanying notes to the financial statements.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY
Combined Statement of Receipts - Budget and Actual
For the Year Ended December 31, 2002

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 1,348,180	\$ 749,008	\$ (599,172)
Special Revenue	<u>2,004,910</u>	<u>1,979,399</u>	<u>(25,511)</u>
Total (Memorandum Only)	<u><u>\$ 3,353,090</u></u>	<u><u>\$ 2,728,407</u></u>	<u><u>\$ (624,683)</u></u>

See accompanying notes to the financial statements.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY
Combined Statement of Disbursements and Encumbrances Compared With Expenditure Authority
For the Year Ended December 31, 2003

<u>Fund Types/Fund</u>	<u>Prior Year Carryover Appropriations</u>	<u>2003 Appropriations</u>	<u>Total</u>	<u>Actual 2003 Disbursements</u>	<u>Encumbrances Outstanding at 12-31-03</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental							
General	\$ 0	\$ 756,026	\$ 756,026	\$ 757,380	\$ 0	\$ 757,380	\$ (1,354)
Special Revenue	0	2,038,026	2,038,026	1,868,187	0	1,868,187	169,839
Total (Memorandum Only)	<u>\$ 0</u>	<u>\$ 2,794,052</u>	<u>\$ 2,794,052</u>	<u>\$ 2,625,567</u>	<u>\$ 0</u>	<u>\$ 2,625,567</u>	<u>\$ 168,485</u>

See accompanying notes to the financial statements.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY
Combined Statement of Disbursements and Encumbrances Compared With Expenditure Authority
For the Year Ended December 31, 2002

<u>Fund Types/Fund</u>	<u>Prior Year Carryover Appropriations</u>	<u>2002 Appropriations</u>	<u>Total</u>	<u>Actual 2002 Disbursements</u>	<u>Encumbrances Outstanding at 12-31-02</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental							
General	\$ 0	\$ 1,165,858	\$ 1,165,858	\$ 692,778	\$ 0	\$ 692,778	\$ 473,080
Special Revenue	0	1,507,954	1,507,954	1,371,347	0	1,371,347	136,607
Total (Memorandum Only)	<u>\$ 0</u>	<u>\$ 2,673,812</u>	<u>\$ 2,673,812</u>	<u>\$ 2,064,125</u>	<u>\$ 0</u>	<u>\$ 2,064,125</u>	<u>\$ 609,687</u>

See accompanying notes to the financial statements.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY

Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health is a body politic and corporate established under Section 3709.01, Revised Code, for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under the direction of a five-member appointed board and appointed health commissioner. Services provided by the District include referrals to Bureau of Crippled Children Services Program, communicable disease investigations, immunization clinics, tuberculosis screening, home visits, various licenses and permits, including inspections, birth and death certificates and related services.

As health districts are structured in Ohio, the County Auditor and County Treasurer serve, respectively, as fiscal officer and custodian of funds for the District. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments. As the custodian of public funds, the County Treasurer invests District monies held on deposit in the County Treasury.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

B. Basis of Accounting

The District prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting, consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

C. Fund Accounting

The District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

DISTRICT BOARD OF HEALTH, HOLMES COUNTY

Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 1 - (continued)

Governmental Fund Types:

General Fund - The District Health Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds - To account for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

D. 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 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.

E. Property, Plant, and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as disbursements. Depreciation is not recorded for these fixed assets.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY

Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 1 - (continued)

F. Accumulated Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Accumulated unpaid vacation and sick leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees.

G. Total Columns of Financial Statements

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.

NOTE 2 - EQUITY IN POOLED CASH

The Holmes County Auditor serves as fiscal agent for the District and the investment of county funds, including District funds, is determined by the Holmes County Treasurer. By law, investment control over investments is handled by the County Treasurer.

NOTE 3 - RISK MANAGEMENT

The Board of County Commissioners of Holmes County and the District Board of Health maintain comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. The District also provides health and life insurance to its employees through private carriers.

NOTE 4 - RETIREMENT COMMITMENTS

The employees of the District were covered by the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The State of Ohio accounts for the activities of the retirement system, and the amount of that fund is not reflected in the accompanying financial statements. For each of the years ended December 31, 2003 and 2002, District employees contributed 8.5 percent of their gross wages. The District matched this with a contribution equal to 13.55 percent of employees' gross wages. The District has paid all contributions required through December 31, 2003 and 2002.

DISTRICT BOARD OF HEALTH, HOLMES COUNTY

Notes to the Financial Statements
December 31, 2003 and 2002

NOTE 5 - LEASES

The District has a lease agreement for a copier. The following is a schedule of the future minimum payments required as of December 31, 2003

<u>Year</u>	<u>Obligation</u>
2004	\$ 3,996
2005	<u>2,664</u>
	<u>\$ 6,660</u>

These expenditures are reflected as program expenditures on a cash basis.

NOTE 6 - 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.

NOTE 7 – RESTATEMENT OF PRIOR YEAR BALANCES

During preparation of the 2002 financial statements, the District became aware of errors in prior periods. Timing adjustments that had been made to record revenues in the proper accounting period for 1999 and 2000 were not reversed in the subsequent periods. This resulted in a duplication of revenue recorded and overstatement of fund balances for the years ended December 31, 2000 and 2001. The following is a summary of the December 31, 2001 fund balance restatement.

	<u>As reported Previously December 31, 2001</u>	<u>Revenue Adjustments</u>	<u>As restated December 31, 2001</u>
General Fund	\$ 99,257	\$ (9,461)	\$ 89,796
Special Revenue Fund	523,546	(128,249)	395,297

DISTRICT BOARD OF HEALTH, HOLMES COUNTY
Schedule of Expenditures of Federal Awards - Non-GAAP Budgetary Basis
For the Year Ended December 31, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Program Amount	Federal Receipts	Federal Disbursements
U. S. Department of Health and Human Services (Passed Through Ohio Department of Health):					
Immunization Action Plan	93.268	38-1-001-2-AZ-02	22,042	\$ 22,042	\$ 22,042
Child and Family Health Services	93.994	38-1-001-1-A1-03	57,856	39,663	39,663 ^(A)
	93.994	38-1-001-1-A1-04	65,041	<u>40,564</u>	<u>40,564</u> ^(A)
Total Child and Family Health Services				80,227	80,227
Total Department of Health and Human Services				<u>102,269</u>	<u>102,269</u>
U. S. Department of Agriculture (Passed Through Ohio Department of Health):					
Women, Infants, and Children (WIC) Program	10.557	38-1-001-1-CL-03	102,077	81,455	81,455
	10.557	38-1-001-2-BI-04	110,584	<u>27,646</u>	<u>20,679</u>
Total Women, Infants, and Children (WIC) Program				109,101	102,134
Public Health Infrastructure	93.283	38-1-001-2-BI-03	110,182	60,182	101,978
	93.283	38-1-001-2-BI-04	99,680	<u>51,600</u>	<u>26,680</u>
Total Public Health Infrastructure				111,782	128,658
Total Department of Agriculture				<u>220,883</u>	<u>230,792</u>
U. S. Department of Transportation (Passed Through Ohio Department of Public Safety):					
Safe Communities	N/A	2002-SA-N / 1	40,693	12,846	12,846
	N/A	2003-SA-N / 1	59,187	<u>55,558</u>	<u>55,558</u>
Total Safe Communities				<u>68,404</u>	<u>68,404</u>
Total Federal Assistance				<u>\$ 391,556</u>	<u>\$ 401,465</u>

(A) Federal money commingled with state money. It is assumed federal moneys are expended first.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 15, 2004

Board of Directors
District Board of Health, Holmes County
Millersburg, Ohio 44654

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

We have audited the accompanying financial statements of District Board of Health, Holmes County as of and for the years ended December 31, 2003 and 2002 and have issued our report thereon dated June 15, 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 District Board of Health, Holmes County'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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 15, 2004

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered District Board of Health, Holmes County'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of District Board of Health, Holmes County in a separate letter dated June 15, 2004.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 15, 2004

Board of Directors
District Board of Health, Holmes County
Millersburg, Ohio 44654

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

COMPLIANCE

We have audited the compliance of District Board of Health, Holmes 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 are applicable to its major federal program for the year ended December 31, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Hea & Associates, Inc.

**DISTRICT BOARD OF HEALTH
HOLMES COUNTY
DECEMBER 31, 2003**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 SECTION .505**

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)?	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 non-compliance 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):	Women, Infants and Children (WIC) Program CFDA #10.557 Public Health Infrastructure CFDA #93.283
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



**Auditor of State
Betty Montgomery**

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DISTRICT BOARD OF HEALTH

HOLMES 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 24, 2004**