

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

PUTNAM COUNTY HOSPITAL
A COMPONENT UNIT OF
PUTNAM COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

09/10/2007

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HOSPITAL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dennis Weatherford	01-01-06 to 12-31-07
Treasurer	Dennis Weatherford	01-01-06 to 12-31-07
Chairman of the Hospital Board	Frederick Mann James Malayer	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the Board of County Commissioners	Dennis O'Hair Kristina Warren	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PUTNAM COUNTY HOSPITAL, PUTNAM COUNTY, INDIANA

We have audited the accompanying basic financial statements of Putnam County Hospital (Hospital), as of and for the year ended December 31, 2006, as listed in the Table of Contents. These financial statements are the responsibility of the Hospital'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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital as of December 31, 2006, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

The Hospital has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

August 16, 2007

PUTNAM COUNTY HOSPITAL
A COMPONENT UNIT OF PUTNAM COUNTY, STATE OF INDIANA
STATEMENT OF NET ASSETS
December 31, 2006

Assets

Current assets:	
Cash and cash equivalents	\$ 4,240,608
Patient accounts receivable, net of estimated uncollectibles of \$6,825,459	5,610,266
Supplies and other current assets	1,786,353
Noncurrent cash and investments:	
Internally designated	2,178,743
Restricted by contributors and grantors	200,550
Capital assets:	
Land and construction in progress	735,204
Depreciable capital assets, net of accumulated depreciation	17,224,220
Other assets, net of accumulated amortization	<u>276,148</u>
Total assets	<u>\$ 32,252,092</u>

Liabilities and Net Assets

Current liabilities:	
Current maturities of long-term debt	\$ 563,433
Accounts payable and accrued expenses	1,114,051
Estimated third-party payor settlements	300,000
Other current liabilities	997,784
Long-term debt, net of current maturities	11,283,140
Other long-term liabilities	<u>39,465</u>
Total liabilities	<u>14,297,873</u>
Net assets:	
Invested in capital assets, net of related debt	6,112,851
Restricted:	
Expendable for specific operating activities	200,550
Unrestricted	<u>11,640,818</u>
Total net assets	<u>17,954,219</u>
Total liabilities and net assets	<u>\$ 32,252,092</u>

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY HOSPITAL
A COMPONENT UNIT OF PUTNAM COUNTY, STATE OF INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended December 31, 2006

Operating revenues:	
Net patient service revenue (net of provision for bad debt)	\$ 29,536,008
Other	<u>348,515</u>
Total operating revenues	<u>29,884,523</u>
Operating expenses:	
Salaries and benefits	15,369,217
Medical supplies and drugs	4,813,471
Insurance	690,291
Other supplies	852,638
Depreciation and amortization	1,997,723
Other operating expense	<u>4,753,183</u>
Total operating expenses	<u>28,476,523</u>
Operating income	<u>1,408,000</u>
Nonoperating revenues (expenses):	
Investment income	215,734
Interest expense	(502,178)
Loss on sale of equipment	<u>(50)</u>
Total nonoperating revenues (expenses)	<u>(286,494)</u>
Increase in net assets	1,121,506
Net assets beginning of the year	<u>16,832,713</u>
Net assets end of the year	<u>\$ 17,954,219</u>

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY HOSPITAL
A COMPONENT UNIT OF PUTNAM COUNTY, STATE OF INDIANA
STATEMENT OF CASH FLOWS - RESTRICTED AND UNRESTRICTED FUNDS
Year Ended December 31, 2006

Cash flows from operating activities:	
Receipts from and on behalf of patients	\$ 29,382,150
Payments to suppliers and contractors	(6,339,420)
Payments to employees	(16,114,447)
Other receipts and payments, net	<u>(4,494,520)</u>
Net cash provided by operating activities	<u>2,433,763</u>
Cash flows from noncapital financing activities:	
Noncapital grants and contributions	<u>76,626</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(531,112)
Interest paid on long-term debt	(502,178)
Purchase of capital assets	<u>(673,772)</u>
Net cash used by capital and related financing activities	<u>(1,707,062)</u>
Cash flows from investing activities:	
Interest on investments	<u>215,734</u>
Net increase in cash and cash equivalents	1,019,061
Cash and cash equivalents at beginning of year	<u>5,600,840</u>
Cash and cash equivalents at end of year	<u>\$ 6,619,901</u>
Reconciliation of cash and cash equivalents to the statement of net assets:	
Cash and cash equivalents in current assets	\$ 6,419,351
Restricted cash and cash equivalents	<u>200,550</u>
Total cash and cash equivalents	<u>\$ 6,619,901</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,408,000
Adjustments to reconcile operating income to net cash flows provided in operating activities:	
Depreciation and amortization	1,997,723
Provision for bad debts	5,038,972
Increase in current assets:	
Patient accounts receivable	(5,279,514)
Supplies and other current assets	(179,858)
Other assets	(3,144)
Increase (decrease) in current liabilities:	
Accounts payable and accrued expenses	(16,980)
Other current liabilities	(732,046)
Estimated third-party payor settlements	200,000
Other liabilities related to operating activities	<u>610</u>
Net cash provided in operating activities	<u>\$ 2,433,763</u>

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

Putnam County Hospital (Hospital) is a county-owned facility and operates under the Indiana County Hospital Law, Indiana Code 16-22. The Hospital provides short-term inpatient and outpatient health care.

The Board of County Commissioners of Putnam County appoints the Governing Board of the Hospital and a financial benefit/burden relationship exists between the County and the Hospital. For these reasons, the Hospital is considered a component unit of Putnam County.

The accompanying financial statements present the activities of the Hospital (primary government). There are no significant component units which require inclusion.

B. Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents include demand deposits and investments in highly liquid debt instruments with an original maturity date of three months or less.

Statutes authorize the Hospital to invest in interest-bearing deposit accounts, passbook savings accounts, certificates of deposit, money market deposit accounts, mutual funds, pooled fund investments, securities backed by the full faith and credit of the United States Treasury and repurchase agreements. The statutes require that repurchase agreements be fully collateralized by U.S. Government or U.S. Government Agency obligations.

Investment income, including changes in the fair value of investments, is reported as nonoperating revenues in the statement of revenues, expenses, and changes in net assets.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and equipment, are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	\$ 1,000	Straight-line	2-25 Years
Buildings and improvements	1,000	Straight-line	10-40 Years
Equipment	1,000	Straight-line	3-25 Years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

4. Net Assets

Net assets of the Hospital are classified in three components.

Net assets invested in capital assets net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.

Restricted expendable net assets are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the hospital, including amounts deposited with trustees as required by revenue bond indentures, discussed in Note II.G.

Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

D. Grants and Contributions

From time to time, the Hospital receives grants from Putnam County and the State of Indiana as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Restricted Resources

When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

F. Operating Revenues and Expenses

The Hospital's statement of revenues, expenses and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Hospital's principal activity. Nonexchange revenues, including grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

G. Compensated Absences

1. Sick Leave

Part-time and full-time Hospital employees earn sick leave at the rate of 3 and 5 days per year, respectively. Sick leave does not accumulate from year to year.

2. Vacation Leave

Hospital employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

3. Personal Leave

Hospital employees earn personal leave at the rate of 1 day per year. Personal leave does not accumulate from year to year.

Vacation, sick and personal leave is accrued when incurred and reported as a liability.

II. Detailed Notes

A. Deposits

Deposits with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

B. Accounts Receivable and Payable

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Hospital at year end consisted of these amounts:

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Patient Accounts Receivable

Receivable from patients and their insurance carriers	\$ 8,183,758
Receivable from Medicare	2,798,991
Receivable from Medicaid	<u>1,452,976</u>
 Total patient accounts receivable	 12,435,725
 Less estimated uncollectibles	 <u>6,825,459</u>
 Patient accounts receivable, net	 <u>\$ 5,610,266</u>

Accounts Payable and Accrued Expenses

Payable to employees (including payroll taxes)	\$ 506,898
Payable to suppliers	<u>607,153</u>
 Total accounts payable and accrued expenses	 <u>\$ 1,114,051</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 159,364	\$ -	\$ -	\$ 159,364
Construction in progress	<u>1,807,247</u>	<u>478,611</u>	<u>1,710,018</u>	<u>575,840</u>
 Total capital assets, not being depreciated	 <u>1,966,611</u>	 <u>478,611</u>	 <u>1,710,018</u>	 <u>735,204</u>
Capital assets, being depreciated:				
Land improvements	236,773	7,004	-	243,777
Buildings and improvements	22,587,049	1,662,522	-	24,249,571
Equipment	<u>10,605,444</u>	<u>235,653</u>	<u>-</u>	<u>10,841,097</u>
 Totals	 <u>33,429,266</u>	 <u>1,905,179</u>	 <u>-</u>	 <u>35,334,445</u>
Less accumulated depreciation for:				
Land improvements	186,140	6,220	-	192,360
Buildings and improvements	9,431,163	952,328	-	10,383,491
Equipment	<u>6,505,207</u>	<u>1,029,167</u>	<u>-</u>	<u>7,534,374</u>
 Totals	 <u>16,122,510</u>	 <u>1,987,715</u>	 <u>-</u>	 <u>18,110,225</u>
 Total capital assets, being depreciated, net	 <u>17,306,756</u>	 <u>(82,536)</u>	 <u>-</u>	 <u>17,224,220</u>
 Total primary government capital assets, net	 <u>\$ 19,273,367</u>	 <u>\$ 396,075</u>	 <u>\$ 1,710,018</u>	 <u>\$ 17,959,424</u>

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2006</u>	<u>Committed</u>	<u>Required Future Funding</u>
Hospital additions and improvements	\$ 736,488	\$ 575,840	\$ 160,648	\$ -

E. Leases

1. Operating Leases

The Hospital has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for copy machines. Rental expenditures for these leases were \$48,721. The following is a schedule by years of future minimum rental payments as of year end:

2007	\$ 44,359
2008	20,744
2009	3,678
2010	900
2011	<u>900</u>
Total	<u>\$ 70,581</u>

2. Capital Leases

The Hospital has entered into a capital lease for a Hematology System. Future minimum lease payments and present values of the net minimum lease payments under the capital lease as of year end are as follows:

2007	\$ 17,043
Less amount representing interest	<u>551</u>
Present value of net minimum lease payments	<u>\$ 16,492</u>

Assets acquired through capital leases still in effect are as follows:

Equipment	\$ 66,900
Accumulated depreciation	<u>51,290</u>
Total	<u>\$ 15,610</u>

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Long-Term Liabilities

1. Notes Payable

The Hospital has entered into various notes. Annual debt service requirements to maturity for the notes, including interest of \$4,105,461, are as follows:

2007	\$ 1,003,960
2008	1,003,960
2009	1,003,960
2010	1,003,960
2011	1,003,960
2012-2016	5,019,800
2017-2021	5,019,800
2022-2026	<u>876,142</u>
 Total	 <u><u>\$ 15,935,542</u></u>

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 32,907	\$ -	\$ 16,415	\$ 16,492	\$ 16,492
Notes payable	<u>12,344,778</u>	<u>-</u>	<u>514,697</u>	<u>11,830,081</u>	<u>546,941</u>
 Total long-term liabilities	 <u><u>\$ 12,377,685</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 531,112</u></u>	 <u><u>\$ 11,846,573</u></u>	 <u><u>\$ 563,433</u></u>

G. Restricted Net Assets

Restricted, expendable net assets are available for the following purposes:

	<u>2006</u>
Restricted by contributors:	
General	<u><u>\$ 200,550</u></u>

Unless the contributor provides specific instructions, state statute permits the Hospital Board to authorize for expenditure the net appreciation (realized and unrealized) of the investments in its endowments. When administering its power to spend net appreciation, the Hospital Board is required to consider the Hospital's "long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions." Any net appreciation that is spent is required to be spent for the purposes designated by the contributor.

H. Charity Care

Charges excluded from revenue under the Hospital's charity care policy were \$15,741 for 2006.

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Internally Designated Assets

Noncurrent cash and investments internally designated include the following:

1. Funded Depreciation – Amounts transferred from the Operating Fund by the Hospital Board of Trustees through funding depreciation expense. Such amounts are to be used for equipment and building, remodeling, repairing, replacing or making additions to the Hospital buildings as authorized by Indiana Code 16-22-3-13.
2. Designated Funds – Assets set aside by the Hospital Board of Trustees for identified purposes and over which the Board retains control and may, at its discretion, subsequently use for other purposes.

III. Other Information

A. Risk Management

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees and Dependents

The Hospital has chosen to establish a risk financing fund for risks associated with medical benefits to employees and dependents. The risk financing fund is accounted for in the general ledger where assets are set aside for claim settlements. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors.

However, claim liabilities cannot be reasonably estimated.

B. Subsequent Events

On February 1, 2007, a contract was awarded in the amount of \$1,294,935 for the construction work necessary to relocate the Hospital's administrative and pre-registration offices. As of the date of this report, \$406,892 has been expended to complete the contract.

PUTNAM COUNTY HOSPITAL
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Fair Value of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and Cash Equivalents

The carrying amount reported in the Statement of Net Assets for cash and cash equivalents approximates its fair value.

Accounts Payable and Accrued Expenses

The carrying amount reported in the Statement of Net Assets for accounts payable and accrued expenses approximates its fair value.

Estimated Third-Party Payor Settlements

The carrying amount reported in the Statement of Net Assets for estimated third-party payor settlements approximates its fair value.

D. Pension Plan

Defined Contribution Pension Plan

Putnam County Hospital Employee Pension Plan

Plan Description

The Hospital has a defined contribution pension plan administered by Lincoln Financial Group as authorized by Indiana Code 16-22-3-11. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the Hospital Board of Trustees and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Lincoln Financial Group
P.O. Box 2340
Ft. Wayne, IN 46801-2340
Ph. 800-248-0838

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the Hospital Board of Trustees and the Plan Administrator. The Hospital fully funds the plan by contributing 8% of the annual covered payroll. A second provision of the plan established pursuant to Section 403(b) of the Internal Revenue Code of 1986, as amended, allows for voluntary contributions for the purpose of purchasing retirement annuity contracts. The Hospital matches qualifying employee contributions up to a maximum of 3.5% of the first 6% of employee contributions. Employer and employee contributions to the plan were \$678,606 and \$678, 615, respectively.

PUTNAM COUNTY HOSPITAL
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The following recordkeeping deficiencies were present during our period of audit:

General ledger account balances were not always supported by accurate supporting schedules. Several posting and footing errors were identified on year-end supporting schedules. In addition, there appeared to be no consistent review by Hospital personnel to verify that balances per the supporting schedules agreed with balances recorded in the general ledger, requiring year-end audit adjustments. Examples include supporting schedules for prepaid expenses, loans receivable, capital assets (including construction work-in-progress), and accrued payroll accounts.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

PRESCRIBED FORMS

The following prescribed form was not filed in 2006: Form 100-R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

RECORD INFORMATION - AGED ACCOUNTS RECEIVABLE ANALYSIS

An Aged Accounts Receivable Analysis Report as of December 31, 2006, classifying balances as receivable from patients and their insurance carriers, receivable from Medicare, or receivable from Medicaid, could not be provided for the Putnam Women's Healthcare Clinic, Putnam Pediatrics and Internal Medicine Clinic, and the Family Medicine of Cloverdale Clinic.

The Aged Accounts Receivable Analysis Report as of December 31, 2006, provided by the Putnam Surgical Specialties Clinic showed a total balance for Patient Accounts Receivable of \$325,396; however, a review of the Clinic's Daily Recap Report as of December 31, 2006, reported the balance of Patient Accounts Receivable as \$519,396. The difference of \$194,000 for Patient Accounts Receivable between the two reports could not be adequately explained by Hospital officials.

PUTNAM COUNTY HOSPITAL
AUDIT RESULTS AND COMMENTS
(Continued)

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

TRANSACTION RECORDING

Transactions of the Indiana Tobacco Prevention Cessation Grant were not entered in the records of the Hospital.

During 2006, the grant had receipts of \$50,107 and disbursements of \$32,834.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

PUTNAM COUNTY HOSPITAL
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2007, with Dennis Weatherford, Executive Director; Roger Boruff, Chief Financial Officer; David Bray, Member of the Hospital Board of Trustees; and Debbie Knezevich, Accounting Manager. The officials concurred with our audit findings.