



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
TRUMBULL COUNTY**

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**Auditor of State
Betty Montgomery**

District Board of Health
Trumbull County
176 Chesnut N.E.
Warren, Ohio 44483

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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 31, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Trumbull County
176 Chesnut N.E.
Warren, Ohio 44483

To the Members of the Board:

We have audited the accompanying financial statements of District Board of Health, Trumbull 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 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.

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 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 and reserves for encumbrances of District Board of Health, Trumbull County, 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 October 31, 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.



Betty Montgomery
Auditor of State

October 31, 2005

**DISTRICT BOARD OF HEALTH
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS
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		\$303,845	\$303,845
Intergovernmental	\$376,812	247,075	623,887
Inspection fees	110,225		110,225
Permits		26,414	26,414
Other fees	612	227,641	228,253
Licenses	568,265	82,564	650,829
Reimbursements	381,290	125,184	506,474
Refunds	456		456
Other receipts	91,117	155,173	246,290
Total Cash Receipts	1,528,777	1,167,896	2,696,673
Cash Disbursements:			
Salaries	984,822	312,444	1,297,266
Supplies	13,022	76,307	89,329
Equipment	6,947		6,947
Professional Services		30,417	30,417
Contracts - Services	93,368	162,927	256,295
Rentals	3,469		3,469
Travel	55,742	21,252	76,994
Vehicles		1,159	1,159
Interfund Reimbursement		398,309	398,309
Capital Outlay		25,820	25,820
Public employee's retirement	126,321	40,687	167,008
Worker's compensation	19,334	7,313	26,647
Other	214,177	72,467	286,644
Total Disbursements	1,517,202	1,149,102	2,666,304
Total Receipts Over/(Under) Disbursements	11,575	18,794	30,369
Fund Cash Balances, January 1	14,300	234,152	248,452
Fund Cash Balances, December 31	<u>\$25,875</u>	<u>\$252,946</u>	<u>\$278,821</u>
Reserves for Encumbrances, December 31	<u>\$20,741</u>	<u>\$113,115</u>	<u>\$133,856</u>

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

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**DISTRICT BOARD OF HEALTH
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Empowered by Section 3709.01, Revised Code, the District Board of Health (the District) consists of the various townships and municipal corporations not heretofore incorporated as a City Health District within Trumbull County. The chief executive officer of each constituent political subdivision serves on the District Advisory Council which meets annually on the first Monday in March to appoint the members of the District Board of Health. The District Advisory Council appoints four members of the District Board of Health, and the remaining member is appointed by the Health District Licensing Council established under section 3709.41 of the Revised Code. The District Advisory Council also ratified the Health District Licensing Council's elected representative.

The District Board of Health consists of five members, each serving five year terms. The District Board of Health appoints a Health Commissioner to a term not to exceed five years. As chief executive officer, the Health Commissioner presides over the District Health Department and reports to the Board at its regular monthly meeting. As a separate political entity, the District Board of Health operates autonomously from the government of Trumbull County. However, the Revised Code charges the county auditor and county treasurer to serve in similar capacities for the District. Charged with maintaining the health and welfare of the District, the District Board of Health is empowered to enforce the laws, rules and regulations as promulgated by the appropriate federal and state legislatures, departments and agencies. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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.

**DISTRICT BOARD OF HEALTH
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 accounts for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Food Service Fund - This fund accounts for food service licenses which are issued annually upon receipt of an application form restaurants and other food providers.

Community Health Services - The District has an on site clinic which provides certain types of health care services to its clients. This includes immunizations, testing examinations, education and informational services.

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, 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 and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**DISTRICT BOARD OF HEALTH
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 budgetary activity appears in Note 2.

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	\$1,722,376	\$1,528,777	(\$193,599)
Special Revenue	1,844,554	1,167,896	(676,658)
Total	\$3,566,930	\$2,696,673	(\$870,257)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,726,375	\$1,537,943	\$188,432
Special Revenue	1,981,251	1,262,217	719,034
Total	\$3,707,626	\$2,800,160	\$907,466

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other 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.

**DISTRICT BOARD OF HEALTH
TRUMBULL 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. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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



**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***

District Board of Health
Trumbull County
176 Chesnut N.E.
Warren, Ohio 44483

To the Members of the Board:

We have audited the financial statements of the District Board of Health, Trumbull County, (the District) as of and for the year ended December 31, 2004, and have issued our report thereon dated October 31, 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.

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*.

District Board of Health
Trumbull 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 and members of the Board. 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

October 31, 2005



**Auditor of State
Betty Montgomery**

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**DISTRICT BOARD OF HEALTH
TRUMBULL 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
DECEMBER 22, 2005**