



**Auditor of State
Betty Montgomery**

**BOARD OF HEALTH
VAN WERT COUNTY**

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**Auditor of State
Betty Montgomery**

Board of Health
Van Wert County
140 Fox Road, Suite 402
Van Wert, Ohio 45891

To the Members of the Board:

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

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

Betty Montgomery
Auditor of State

July 12, 2005

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Health
Van Wert County
140 Fox Road, Suite 402
Van Wert, Ohio 45891

To the Members of the Board:

We have audited the accompanying financial statements of the Board of Health, Van Wert County, (the Board), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Board'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 Board 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 Board 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 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Board 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 Board has elected not to reformat its statements. Since this Board 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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

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 Board as of December 31, 2004 and 2003, 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 the Board as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Board to include Management's Discussion and Analysis for the year ended December 31, 2004. The Board 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 July 12, 2005, on our consideration of the Board'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

July 12, 2005

**BOARD OF HEALTH
VAN WERT COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$292,206	\$117,619	\$409,825
Charges for Services	38,334	125,822	164,156
Licenses, Permits, and Fees	7,896	9,217	17,113
Other receipts	1,239	986	2,225
	<u>339,675</u>	<u>253,644</u>	<u>593,319</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	160,204	108,953	269,157
Fringe Benefits	96,199		96,199
Supplies	5,182	33,838	39,020
Remittances to State	19,873	9,916	29,789
Equipment	1,116	1,878	2,994
Contracts - Repair	112		112
Contracts - Services		3,317	3,317
Rentals	34,818		34,818
Travel	2,978	9,653	12,631
Advertising and printing	1,400		1,400
Project Fund Expense		116,780	116,780
Other	25,354	4,954	30,308
	<u>347,236</u>	<u>289,289</u>	<u>636,525</u>
Total Disbursements	<u>347,236</u>	<u>289,289</u>	<u>636,525</u>
Total Receipts (Under) Disbursements	<u>(7,561)</u>	<u>(35,645)</u>	<u>(43,206)</u>
Other Financing Receipts:			
Reimbursements	729		729
Other sources	70		70
	<u>799</u>		<u>799</u>
Total Other Financing Receipts	<u>799</u>		<u>799</u>
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(6,762)	(35,645)	(42,407)
Fund Cash Balances, January 1	21,202	112,480	133,682
	<u>\$14,440</u>	<u>\$76,835</u>	<u>\$91,275</u>
Fund Cash Balances, December 31	<u>\$14,440</u>	<u>\$76,835</u>	<u>\$91,275</u>
Reserves for Encumbrances, December 31	<u>\$1,680</u>	<u>\$2,068</u>	<u>\$3,748</u>

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

**BOARD OF HEALTH
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$257,694	\$141,763	\$399,457
Charges for Services	32,558	122,251	154,809
Licenses, Permits, and Fees	6,021	11,983	18,004
Other receipts	1,070	1,988	3,058
	<u>297,343</u>	<u>277,985</u>	<u>575,328</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	162,487	89,763	252,250
Fringe Benefits	94,064	322	94,386
Supplies	2,781	25,350	28,131
Remittances to State	16,581	11,704	28,285
Equipment	3,143	5,206	8,349
Contracts - Repair	850	103	953
Contracts - Services		18,446	18,446
Rentals	34,818		34,818
Travel	2,997	9,687	12,684
Advertising and printing	561		561
Project Fund Expense		125,484	125,484
Other	16,366	4,834	21,200
	<u>334,648</u>	<u>290,899</u>	<u>625,547</u>
Total Disbursements	<u>334,648</u>	<u>290,899</u>	<u>625,547</u>
Total Receipts (Under) Disbursements	<u>(37,305)</u>	<u>(12,914)</u>	<u>(50,219)</u>
Other Financing Receipts:			
Refunds	40		40
Reimbursements	3,010		3,010
	<u>3,050</u>		<u>3,050</u>
Total Other Financing Receipts	<u>3,050</u>		<u>3,050</u>
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(34,255)	(12,914)	(47,169)
Fund Cash Balances, January 1	55,457	125,394	180,851
Fund Cash Balances, December 31	<u>\$21,202</u>	<u>\$112,480</u>	<u>\$133,682</u>
Reserves for Encumbrances, December 31	<u>\$285</u>	<u>\$2,826</u>	<u>\$3,111</u>

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

**BOARD OF HEALTH
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Board's management believes these financial statements present all activities for which the Board is financially accountable. The Board maintains direct fiscal control over the revenues of the general and special revenue funds of the Board held by the Van Wert County Treasurer with the Van Wert County Auditor serving as fiscal officer.

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 Board 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 Board's cash. The County's cash and investment pool holds the Board's assets, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board 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 Board had the following significant Special Revenue Funds:

Public Health Nursing Services (PHNF) Fund - This fund receives fees for nursing services and immunizations.

**BOARD OF HEALTH
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bioterrorism Federal Fund - This fund receives Federal grant money to provide emergency and safety equipment for the county.

E. Budgetary Process

The Ohio Revised Code requires the Board 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.

3. Encumbrances

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. The Board did not encumber all commitments required by Ohio Law

A summary of 2004 and 2003 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Board 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.

**BOARD OF HEALTH
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$339,331	\$340,474	\$1,143
Special Revenue	247,426	253,644	6,218
Total	\$586,757	\$594,118	\$7,361

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$360,197	\$348,916	\$11,281
Special Revenue	318,424	291,357	27,067
Total	\$678,621	\$640,273	\$38,348

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$294,025	\$300,393	\$6,368
Special Revenue	222,441	277,985	55,544
Total	\$516,466	\$578,378	\$61,912

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$344,445	\$334,933	\$9,512
Special Revenue	315,055	293,725	21,330
Total	\$659,500	\$628,658	\$30,842

3. INTERGOVERNMENTAL FUNDING

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

**BOARD OF HEALTH
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. RETIREMENT SYSTEM

The Board'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 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Board contributed an amount equal to 13.55 percent of participants' gross salaries. The Board has paid all contributions required through December 31, 2004.

5. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property, general liability, professional and public officials;
- Errors, omissions, and malpractice.



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*

Board of Health
Van Wert County
140 Fox Road, Suite 402
Van Wert, Ohio 45891

To the Members of the Board:

We have audited the financial statements of the Board of Health, Van Wert County, (the Board), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 12, 2005, wherein we noted the Board 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 Board's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Board's management dated July 12, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Board's management date July 12, 2005, we reported other matters related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Board of Health
Van Wert 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 the audit committee, management, and the Board and 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

July 12, 2005

BOARD OF HEALTH
VAN WERT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	ORC Sec. 5705.41(D) - Failure to obtain prior certification of expenditures	Partially corrected	Repeated in the management letter



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

BOARD OF HEALTH

VAN WERT 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, 2005**