



**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2004	5
Notes to the Financial Statements	7
Federal Awards Receipts and Expenditures Schedule	13
Note to Federal Awards Receipts and Expenditures Schedule	14
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	17
Schedule of Findings	19

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Mansfield-Ontario-Richland County Board of Health
Richland County
555 Lexington Avenue
Mansfield, Ohio 44907

To 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 Board of Health 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

August 29, 2005

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mansfield-Ontario-Richland County Board of Health
Richland County
555 Lexington Avenue
Mansfield, Ohio 44907

To Members of the Board:

We have audited the accompanying financial statements of the Mansfield-Ontario-Richland County Board of Health, Richland County, Ohio. (the Board of Health) as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Board of Health'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 of Health 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 of Health 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 Board of Health 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 of Health has elected not to reformat its statements. Since this Board of Health 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.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
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 of Health 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 the Mansfield-Ontario-Richland County Board of Health, Richland County, Ohio, 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 Board of Health to include Management's Discussion and Analysis for the year ended December 31, 2004. The Board of Health 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 August 29, 2005, on our consideration of the Board of Health'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.

We conducted our audit to opine on the financial statements that collectively comprise the Board of Health's combined financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting Federal Awards Receipts and Expenditures Schedule. The schedule is not a required part of the combined financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.



Betty Montgomery
Auditor of State

August 29, 2005

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND 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:			
Local Taxes	\$1,768,051		\$1,768,051
Fees, Licenses, and Permits	587,796	\$817,744	1,405,540
State Subsidy	207,771		207,771
Contractual Services - Local	32,754	433,514	466,268
Grants - State		61,562	61,562
Grants - Federal		983,162	983,162
Miscellaneous	7,683	4,341	12,024
	<u>2,604,055</u>	<u>2,300,323</u>	<u>4,904,378</u>
Total Cash Receipts			
	<u>2,604,055</u>	<u>2,300,323</u>	<u>4,904,378</u>
Cash Disbursements:			
Current:			
Salaries	1,103,405	1,801,055	2,904,460
Supplies	135,507	118,771	254,278
Building and Equipment Repairs	64,507	44,725	109,232
Contracts - Services	46,069	77,844	123,913
Travel and Training	42,728	50,099	92,827
Advertising and Printing	21,307	26,544	47,851
Professional Services	4,138	142,471	146,609
Legal Counsel	7,775		7,775
Vehicles	2,336		2,336
Audit	10,406	1,008	11,414
Utilities	68,722	43,427	112,149
Board Members Expenses	4,048		4,048
Fringe Benefits	411,689	632,632	1,044,321
Refunds	4,302	11,952	16,254
Other	49,024	24,902	73,926
Debt Service:			
Redemption of Principal	15,598		15,598
Interest and Fiscal Charges	20,598		20,598
	<u>2,012,159</u>	<u>2,975,430</u>	<u>4,987,589</u>
Total Cash Disbursements			
	<u>2,012,159</u>	<u>2,975,430</u>	<u>4,987,589</u>
Total Receipts Over/(Under) Disbursements	<u>591,896</u>	<u>(675,107)</u>	<u>(83,211)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		653,032	653,032
Transfers-Out	(653,032)		(653,032)
	<u>(653,032)</u>	<u>653,032</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(653,032)</u>	<u>653,032</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(61,136)</u>	<u>(22,075)</u>	<u>(83,211)</u>
Fund Cash Balances, January 1	<u>2,658,439</u>	<u>148,995</u>	<u>2,807,434</u>
Fund Cash Balances, December 31	<u>\$2,597,303</u>	<u>\$126,920</u>	<u>\$2,724,223</u>
Reserves for Encumbrances, December 31	<u>\$50,486</u>	<u>\$134,615</u>	<u>\$185,101</u>

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

This page intentionally left blank.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mansfield-Ontario-Richland County Board of Health, Richland County, (the Board of Health) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board of Health is directed by a 13 member Board and a 29 member district advisory board. The County Auditor and the County Treasurer are responsible for the fiscal control of the resources of the Board of Health which are maintained in the funds described below. The Board of Health provides medical assistance and public health safety. Also, the Women, Infants, and Children's Program (WIC) (with its own director and advisory board) is under the auspices of the Board of Health.

The Board of Health's management believes these financial statements present all activities for which the Board of Health 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 Board of Health 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 Richland County Treasurer is custodian for the Board of Health's cash. The County's cash and investment pool holds the Board of Health's assets, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

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

Women, Infants, and Children (WIC) Fund - This Federal grant fund accounts for the Special Supplemental Nutrition Program.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

1. Budget

As part of the County, a budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the following year. The Board of Health does not budget for transfers.

2. Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County Auditor provides the Board of Health a receipts report which reflects that the certified receipts have been entered in to the appropriate receipts line items within the Board of Health's Fund. On or about January 1, the receipts report is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Board of Health must revise its budget so that the total contemplated expenditures from the fund during the ensuing fiscal year will not exceed the amount stated in their receipts reports. The revised budget then serves as the basis for the annual appropriation measure.

3. Appropriations

Although the Board of Health is not subject to budgetary provisions of the Ohio Revised Code, an itemized appropriation measure shall be adopted on or before the first Monday of April.

4. Encumbrances

As part of the County, the Board of Health is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Board of Health 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.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Richland County Auditor acts as fiscal agent for the Board of Health. The Richland County Treasurer maintains a cash and investment pool used by all funds held by the County, including those of the Board of Health. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash on deposit with the fiscal agent at December 31, 2004 was \$2,724,223.

3. 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	\$2,559,950	\$2,604,055	\$44,105
Special Revenue	2,214,546	2,300,323	85,777
Total	\$4,774,496	\$4,904,378	\$129,882

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,182,509	\$2,062,645	\$119,864
Special Revenue	3,537,359	3,110,045	427,314
Total	\$5,719,868	\$5,172,690	\$547,178

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2004 consisted of the following:

<u>General Obligation Bonds:</u>	
Principal Outstanding	\$500,000
Interest Rates	2.5% - 3.5%

Outstanding General Obligation Bonds consist of bonds related to the Board of Health's new facility. General Obligation Bonds are direct obligations of both the Mansfield-Ontario-Richland County Board of Health and Richland County for which their full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the County.

During 2004, the Board of Health paid principal and interest of \$36,196 on this debt, while the County paid an additional \$40,000 on behalf of the Board of Health. Richland County is required to pay principal and interest of \$40,000 each year for the life of the bond issue for a total of \$280,000.

In addition, during 2004, Richland County refinanced the bonds which reduced the interest rate and final maturity date by one year.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

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

4. DEBT OBLIGATIONS (Continued)

The annual requirements to amortize all bonded debt outstanding as of December 31, 2004, including interest payments of \$65,650, are as follows:

Year Ending December 31	Total General Obligation Bonds	Board of Health Portion	County Portion
2005	79,950	39,950	40,000
2006	78,325	38,325	40,000
2007	81,700	41,700	40,000
2008	79,775	39,775	40,000
2009	82,675	42,675	40,000
2010-2011	163,225	83,225	80,000
Total	<u>\$565,650</u>	<u>\$285,650</u>	<u>\$280,000</u>

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Health. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as State Subsidy. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

6. RETIREMENT SYSTEM

The Board of Health's 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 Board of Health contributed an amount equal to 13.55 percent of participants' gross salaries. The Board of Health has paid all contributions required through December 31, 2004.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Board of Health has obtained commercial insurance for the following risks:

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

The Board of Health also provides health insurance to its employees through the Richland County "Self-Insurance Program".

8. CONTINGENT LIABILITIES

The Board of Health is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, the Board of Health's legal counsel believes the resolution of these matters will not materially adversely affect the Board of Health's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial

9. SUBSEQUENT EVENT

On June 20, 2005, Virginia E. Jeffries, former registrar was indicted for theft in office and seven counts of tampering with records.

This page intentionally left blank.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPEDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Program Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	70-1-001-1-CL-04 70-1-001-1-CL-05	\$320,504 <u>99,797</u>	\$356,662 <u>103,514</u>
Total U.S. Department of Agriculture			<u>420,301</u>	<u>460,176</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed through Ohio Department of Public Safety</i>				
State and Community Highway Safety	20.600	70027HDO-04 SA-N/1 70027HDO-05 SA-N/1	20,687 <u>8,820</u>	17,365 <u>4,534</u>
Total U.S. Department of Transportation			<u>29,507</u>	<u>21,899</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through Ohio District 5 Area Agency on Aging, Inc.</i>				
Special Programs for the Aging: Title III, Part D_Disease Prevention and Health Promotion Services	93.043	SS04-003-3D SS03-003-3D	7,119 <u>2,252</u>	8,701 <u>875</u>
Total Special Programs for the Aging: Title III, Part_D			<u>9,371</u>	<u>9,576</u>
Special Programs for the Aging: Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	SS04-003-3B SS03-003-3B	13,775 <u>5,809</u>	16,822 <u>3,024</u>
Total Special Programs for the Aging: Title III, Part_B			<u>19,584</u>	<u>19,846</u>
<i>Passed through Ohio Department of Health</i>				
Immunization Grants	93.268	70-1-001-2-AZ-04 70-1-001-2-AZ-03	23,928 <u>7,598</u>	22,973 <u>9,973</u>
Total Immunization Grants			<u>31,526</u>	<u>32,946</u>
Centers for Disease and Prevention_Investigations and Technical Assistance	93.283	70-1-001-2-BI-05 70-1-001-2-BI-04	85,960 <u>74,378</u>	29,941 <u>126,784</u>
Total Centers for Disease and Prevention_Investigations and Technical Assistance			<u>160,338</u>	<u>156,725</u>
Cooperative Agreements for State-based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	70-1-001-2-AE-05 70-1-001-2-AE-04	65,000 <u>62,052</u>	50,792 <u>68,087</u>
Total Cooperative Agreements for State-based Comprehensive Breast and Cervical Cancer Early Detection Programs			<u>127,052</u>	<u>118,879</u>
Preventive Health and Health Services Block Grant	93.991	70-1-001-2-ED-04 70-1-001-2-ED-03	80,061 <u>80,061</u>	75,277 <u>12,736</u>
Total Preventive Health and Health Services Block Grant			<u>80,061</u>	<u>88,013</u>
Maternal and Child Health Services Block Grant to the States	93.994	70-1-001-1-AI-05 70-1-001-1-AI-04	20,880 <u>56,267</u>	13,451 <u>81,747</u>
Total Maternal and Child Health Services Block Grant to the States			<u>77,147</u>	<u>95,198</u>
<i>Passed through The City of Portsmouth, Ohio</i>				
HIV Prevention Activities_Health Department Based	93.940	2004 2003	25,447 <u>2,828</u>	32,223 <u>2,014</u>
Total HIV Prevention Activities_Health Department Based			<u>28,275</u>	<u>34,237</u>
Total U.S. Department of Health and Human Services			<u>533,354</u>	<u>555,420</u>
Total			<u><u>\$983,162</u></u>	<u><u>\$1,037,495</u></u>

The accompanying note to this schedule is an integral part of this schedule.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

**NOTE TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) is a summary of the activity of the Board of Health's federal award programs. The Schedule has been prepared on the cash basis of accounting.



**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**

Mansfield-Ontario-Richland County Board of Health
Richland County
555 Lexington Avenue
Mansfield, Ohio 44907

To the Members of the Board:

We have audited the financial statements of the Mansfield-Ontario-Richland County Board of Health, Richland County, Ohio, (the Board of Health) as of and for the year ended December 31, 2004, and have issued our report thereon dated August 29, 2005, wherein we noted the Board of Health 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 of Health's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board of Health's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2004-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2004-001 listed above to be a material weakness. In a separate letter to the Board of Health's management dated August 29, 2005, we reported an other matter involving internal control over financial reporting which we did not deem a reportable condition.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Board of Health'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 of Health's management dated August 29, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, the Board Members, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 29, 2005



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mansfield-Ontario-Richland County Board of Health
Richland County
555 Lexington Avenue
Mansfield, Ohio 44907

To the Members of the Board:

Compliance

We have audited the compliance of the Mansfield-Ontario-Richland County Board of Health, Richland County, Ohio, (the Board of Health) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying Schedule of Findings identifies the Board of Health's major federal program. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Board of Health's management. Our responsibility is to express an opinion on the Board of Health'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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Board of Health's compliance with those requirements and performing other procedures 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 Board of Health's compliance with those requirements.

In our opinion, the Board of Health complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The Board of Health's management 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 Board of Health's internal control over compliance with requirements that could directly and materially affect a major federal program 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 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, the Board Members, federal awarding agencies, and pass-through entities. 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

August 29, 2005

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Supplement Nutrition Program For Women, Infants, and Children (WIC) CFDA # 10.557
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	2004-001
-----------------------	-----------------

Material Weakness

Vital Statistics Revenue

During 2005, the former health department vital statistics registrar was indicted for theft in office and seven counts of tampering with records for the alleged theft of revenue from death certificate payments. The registrar by-passed health department control procedures by collecting revenue directly that should have been collected by the receptionist. Individuals were allowed to enter the health department offices past the receptionist to bring revenue to the registrar. In addition, the registrar allowed funeral directors to obtain death certificates on credit and pay her directly at a later date when department policy was for death certificates to be paid at time of issuance. Circumventing the control procedures allowed for the theft to occur.

We recommend management ensure current procedures are followed and the Board implement additional control procedures to reduce the risk of theft in the future. Some procedures to consider include:

- Segregating employee duties over collecting, recording, and depositing revenue, and processing and issuing of certificates;
- Limiting and monitoring access to restricted areas by such means as sign-in sheets, identification tags, visitor passes, etc. and requiring visitors to state a purpose for their access;
- Institute a method of numbering and/or tracking certificates issued so that revenue collected can be reconciled to the number of certificates issued on a daily basis.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**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

MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH

RICHLAND 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
OCTOBER 11, 2005**