



**Auditor of State
Betty Montgomery**

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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**Auditor of State
Betty Montgomery**

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District 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

December 21, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District Board:

We have audited the accompanying financial statements of Brown County District Board of Health, Brown County, Ohio (the District), as of and for the years ended December 31, 2004 and 2003. 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 (and 2003), 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 Brown County District Board of Health, Brown County, 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 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 November 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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a federal awards expenditure schedule. The schedule is not a required part of the basic financial statements. We subjected the federal awards expenditure 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 basic financial statements taken as a whole.



Betty Montgomery
Auditor of State

December 21, 2005

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	17,736	118,569	136,305
Fees, licenses, and permits	448,297	92,046	540,343
Other Revenue	997	100	1,097
Total Cash Receipts	<u>467,030</u>	<u>210,715</u>	<u>677,745</u>
Cash Disbursements:			
Salaries	182,460	89,979	272,439
Supplies	35,383	6,684	42,067
Remittances to State	81,419	7,998	89,417
Equipment	1,784	52,254	54,038
Contracts - Repairs/Services	26,240	24,489	50,729
Travel	15,673	5,273	20,946
Advertising and printing	1,060		1,060
Public employee's retirement	33,268	3,565	36,833
Worker's compensation	2,950		2,950
Insurance	67,173		67,173
Other	5,375	5,306	10,681
Total Cash Disbursements	<u>452,785</u>	<u>195,548</u>	<u>648,333</u>
Total Receipts Over Disbursements	<u>14,245</u>	<u>15,167</u>	<u>29,412</u>
Fund Cash Balances, January 1	<u>162,185</u>	<u>88,747</u>	<u>250,932</u>
Fund Cash Balances, December 31	<u>\$176,430</u>	<u>\$103,914</u>	<u>\$280,344</u>
Reserves for Encumbrances, December 31	<u>\$6,890</u>	<u>\$2,091</u>	<u>\$8,981</u>

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

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	28,440	87,397	115,837
Fees, licenses, and permits	329,076	90,566	419,642
Other Revenue	3,649		3,649
Total Cash Receipts	<u>361,165</u>	<u>177,963</u>	<u>539,128</u>
Cash Disbursements:			
Salaries	165,621	99,593	265,214
Supplies	15,311	6,907	22,218
Remittances to State	74,507	7,694	82,201
Equipment	3,019	26,509	29,528
Contracts - Repairs/Services	28,272	10,427	38,699
Travel	13,114	9,786	22,900
Public employee's retirement	36,185	4,933	41,118
Worker's compensation	1,694		1,694
Insurance	69,617		69,617
Other	7,631	4,032	11,663
Total Cash Disbursements	<u>414,971</u>	<u>169,881</u>	<u>584,852</u>
Total Receipts Over Disbursements	(53,806)	8,082	(45,724)
Fund Cash Balances, January 1	<u>215,991</u>	<u>80,665</u>	<u>296,656</u>
Fund Cash Balances, December 31	<u>\$162,185</u>	<u>\$88,747</u>	<u>\$250,932</u>
Reserves for Encumbrances, December 31	<u>\$8,710</u>	<u>\$986</u>	<u>\$9,696</u>

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

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Brown County District Board of Health, Brown County, Ohio (the District), 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 District is directed by a five-member Board and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related and environmental licenses and permits. The County Auditor serves as fiscal agent for the Board and is responsible for fiscal control of the resources of the Board.

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.

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

This fund receives receipts for licenses for food service operations.

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Health Infrastructure Grant

This fund receives grant funds from the state to provide for the establishment of public health infrastructure. This grant provides funding for the increasing possibilities of disease outbreaks, bioterrorism and other emergencies to prepare the county.

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.

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. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments as required by Ohio Revised Code.

A summary of 2004 and 2003 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.

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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	\$420,775	\$467,030	\$46,255
Special Revenue	200,047	210,715	10,668
Total	\$620,822	\$677,745	\$56,923

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$519,915	\$459,675	\$60,240
Special Revenue	242,341	197,639	44,702
Total	\$762,256	\$657,314	\$104,942

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$398,780	\$361,165	(\$37,615)
Special Revenue	188,374	177,963	(10,411)
Total	\$587,154	\$539,128	(\$48,026)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$601,208	\$423,681	\$177,527
Special Revenue	187,469	170,867	16,602
Total	\$788,677	\$594,548	\$194,129

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. This subdivision funding was not received in 2004. The County Budget Commission deemed the Health District fund balances adequate and therefore did not release the subdivision funds to the Health District.

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS) which 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, members of OPERS contributed 8.5 percent of their gross salaries. The district contributed an amount equal to 13.55% of participant's 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 Professional liability.

The District through the Brown County Commissioners also provides health insurance coverage to full time employees through a private carrier.



**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***

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the Members of the Board:

We have audited the financial statements of the Brown County District Board of Health, Brown County, Ohio (the District), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 21, 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. In a separate letter to the District's management dated December 21, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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. In a separate letter to the District's management dated December 21, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Brown County District Board of Health
Brown 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. 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

December 21, 2005

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2004-2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-60408-001	ORC 5705.41(D)- failure to certify funds prior to commitment	No	Reported in 2004 management letter.



**Auditor of State
Betty Montgomery**

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DISTRICT BOARD OF HEALTH

BROWN 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
FEBRUARY 28, 2006**