



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
MONROE 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, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Finding	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

District Board of Health
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

To the Board of Health:

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

July 26, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

To the Board of Health:

We have audited the accompanying financial statements of the District Board of Health, Monroe County, Ohio (the District), as of and for the years ended December 31, 2005 and 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 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 years ended December 31, 2005 and 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, 2005 and 2004, or its changes in financial position for the years then ended.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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 District Board of Health, Monroe County, as of December 31, 2005 and 2004, 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 years ended December 31, 2005 and 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 July 26, 2006, 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

July 26, 2006

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Federal Awards	\$	\$341,334	\$341,334
Intergovernmental	142,574	61,521	204,095
Permits		2,638	2,638
Licenses		26,538	26,538
Other Fees	26,638		26,638
Donations		270	270
Other Receipts	6,755	2,839	9,594
Total Cash Receipts	<u>175,967</u>	<u>435,140</u>	<u>611,107</u>
Cash Disbursements:			
Salaries	102,040	260,242	362,282
Supplies	7,847	10,438	18,285
Remittances to State		3,662	3,662
Equipment		15,863	15,863
Contracts - Services	15,752	16,480	32,232
Travel	2,048	9,975	12,023
Medicare	1,030	3,718	4,748
PERS	13,863	35,001	48,864
Worker's Compensation	917	2,079	2,996
Unemployment Compensation	3,712	382	4,094
Insurance	4,947	12,505	17,452
Training		15,663	15,663
Communication		3,752	3,752
Other	28,071	46,870	74,941
Total Cash Disbursements	<u>180,227</u>	<u>436,630</u>	<u>616,857</u>
Total Cash Receipts Under Cash Disbursements	<u>(4,260)</u>	<u>(1,490)</u>	<u>(5,750)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	37	2,059	2,096
Advances-In	19,327	29,855	49,182
Transfers-Out	(2,059)	(37)	(2,096)
Advances-Out	(29,855)	(19,327)	(49,182)
Refunds/Reimbursements	4,904	3,619	8,523
Total Other Financing Receipts/(Disbursements)	<u>(7,646)</u>	<u>16,169</u>	<u>8,523</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,906)	14,679	2,773
Fund Cash Balances, January 1	<u>16,569</u>	<u>75,964</u>	<u>92,533</u>
Fund Cash Balances, December 31	<u>\$4,663</u>	<u>\$90,643</u>	<u>\$95,306</u>
Reserves for Encumbrances, December 31	<u>\$4,259</u>	<u>\$19,669</u>	<u>\$23,928</u>

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

**DISTRICT BOARD OF HEALTH
MONROE 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal Awards	\$	\$379,605	\$379,605
Intergovernmental	137,808	97,785	235,593
Permits		2,906	2,906
Licenses		28,350	28,350
Other Fees	30,305		30,305
Donations		871	871
Other Receipts	14,783	122	14,905
Total Cash Receipts	<u>182,896</u>	<u>509,639</u>	<u>692,535</u>
Cash Disbursements:			
Salaries	100,518	287,325	387,843
Supplies	17,966	7,239	25,205
Remittances to State		2,744	2,744
Equipment		64,059	64,059
Contracts - Services	15,500	19,454	34,954
Travel	2,713	16,221	18,934
Hospitalization	7,176		7,176
Medicare	987	4,042	5,029
PERS	13,297	38,711	52,008
Worker's Compensation	567	1,995	2,562
Unemployment Compensation	3,255	1,700	4,955
Insurance		12,677	12,677
Training		1,175	1,175
Communication		4,448	4,448
Other	13,636	64,073	77,709
Total Cash Disbursements	<u>175,615</u>	<u>525,863</u>	<u>701,478</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>7,281</u>	<u>(16,224)</u>	<u>(8,943)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		74	74
Advances-In	10,200	33,800	44,000
Transfers-Out		(74)	(74)
Advances-Out	(18,800)	(25,200)	(44,000)
Refunds/Reimbursements	7,713	3,516	11,229
Total Other Financing Receipts/(Disbursements)	<u>(887)</u>	<u>12,116</u>	<u>11,229</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,394	(4,108)	2,286
Fund Cash Balances, January 1	<u>10,175</u>	<u>80,072</u>	<u>90,247</u>
Fund Cash Balances, December 31	<u>\$16,569</u>	<u>\$75,964</u>	<u>\$92,533</u>
Reserves for Encumbrances, December 31	<u>\$2,699</u>	<u>\$2,950</u>	<u>\$5,649</u>

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 District Board of Health, Monroe County (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. These members are appointed by the District Advisory Council which is made up of the Chairman of each of the Townships of the County, the Mayors of each of the Villages of the County and the Chairman of the County Commissioners. 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.

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:

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

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Help Me Grow Fund - This fund receives State and Federal grant money to provide parental education and developmental screenings for children under the age of three.

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 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.

A summary of 2005 and 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 years ended December 31, 2005 and 2004, follows:

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$200,235	\$200,235	\$0
Special Revenue	478,173	470,673	(7,500)
Total	<u>\$678,408</u>	<u>\$670,908</u>	<u>(\$7,500)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$190,693	\$216,400	(\$25,707)
Special Revenue	720,125	475,663	244,462
Total	<u>\$910,818</u>	<u>\$692,063</u>	<u>\$218,755</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$200,809	\$200,809	\$0
Special Revenue	547,029	547,029	0
Total	<u>\$747,838</u>	<u>\$747,838</u>	<u>\$0</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$187,855	\$197,114	(\$9,259)
Special Revenue	449,990	554,087	(104,097)
Total	<u>\$637,845</u>	<u>\$751,201</u>	<u>(\$113,356)</u>

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
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 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 2005 and 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, 2005.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

6. CONTINGENT LIABILITIES

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.



**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
Monroe County
118 Home Avenue
Woodsfield, Ohio 43793

To the Board of Health:

We have audited the financial statements of the District Board of Health, Monroe County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 26, 2006, 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 in order 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 July 26, 2006, 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 July 26, 2006, we reported other matters related to noncompliance we deemed immaterial.

District Board of Health
Monroe 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 the Board of Health. 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

July 26, 2006

**DISTRICT BOARD OF HEALTH
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Rev. Code Section 5705.41(D)(1) for not certifying the availability of funds prior to incurring obligations.	No	Partially Corrected; repeated as a non-compliance citation in the District's 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

DISTRICT BOARD OF HEALTH

MONROE 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
AUGUST 15, 2006**