



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Accountants' Report..... | 1 |
| Management's Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Assets – Cash Basis | 9 |
| Statement of Activities – Cash Basis..... | 10 |
| Governmental Financial Statements: | |
| Statement of Cash Basis Assets and Cash Basis Fund Balances -- Governmental Funds | 11 |
| Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances -- Governmental Funds | 12 |
| Statement of Cash Receipts, Disbursements, and Change in Cash Basis Fund Balance – Budget and Actual (Budget Basis) – General Fund | 13 |
| Statement of Cash Receipts, Disbursements, and Change in Cash Basis Fund Balance – Budget and Actual (Budget Basis) – Women, Infants, and Children Fund | 14 |
| Statement of Cash Receipts, Disbursements, and Change in Cash Basis Fund Balance – Budget and Actual (Budget Basis) – Public Health Infrastructure Fund | 15 |
| Notes to the Basic Financial Statements | 17 |
| Federal Awards Expenditures Schedule..... | 25 |
| Notes to the Federal Awards Expenditures Schedule | 26 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 27 |
| Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 | 29 |
| Schedule of Findings – <i>OMB Circular A-133 § .505</i> | 31 |

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Belmont County
68501 Bannock Road
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Board of Health, Belmont County, Ohio (the Health District), as of and for the year ended December 31, 2004, which collectively comprise the Health District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health District's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District Board of Health, Belmont County, Ohio, as of December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General, and Women, Infants and Children and Public Health Infrastructure Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2004, the Health District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005, on our consideration of the Health 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.

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

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the Health District's basic financial statements. The Federal Awards Expenditures Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Health District's 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 9, 2005

District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The discussion and analysis of the District Board of Health's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2004, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2004 are as follows:

- Net assets increased \$ 117,391.
- General receipts accounted for \$385,417 in receipts or 28 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$1,005,205 or 72 percent of total receipts of \$1,390,622.
- The Health District had \$1,273,231 in disbursements related to governmental activities; only \$1,005,205 of these disbursements were offset by program specific charges for services and operating grants and contributions. General receipts of \$385,417 were adequate to provide for these programs.
- The Health District had three major funds; the General Fund, the Women, Infants and Children Fund and the Public Health Infrastructure Fund. The General Fund had \$480,503 in receipts and \$408,068 in disbursements. The General Fund's cash balance increased \$72,435. The Women, Infants and Children Fund had \$306,146 in receipts and \$329,530 in disbursements. The Women, Infants and Children Fund's cash balance decreased \$23,384. The Public Health Infrastructure Fund had \$145,094 in receipts and \$117,683 in disbursements. The Public Health Infrastructure Fund's cash balance increased \$27,411.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the Health District's cash financial statements. Health District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The *Statement of Net Assets – Cash Basis* presents the cash balances of the governmental activities of the Health District at year end as net assets.

The *Statement of Activities – Cash Basis* presents information comparing cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts. Benefits provided through the governmental activities are not necessarily paid for by the people receiving them. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Fund Financial Statements

Fund financial statements provide detailed information about the Health District's major funds – not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Health District are governmental

Governmental Funds - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund, the Women, Infants and Children Fund and the Public Health Infrastructure Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Health District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Government-wide Financial Analysis

As noted earlier, net assets – cash basis may serve over time as a useful indicator of a government's financial position. This is the first year for the Health District in implementing a new standard. The Health District has chosen to report on an *Other Comprehensive Basis of Accounting* in a format similar to that required by Governmental Accounting Statement No. 34. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis (MD&A) section. Since this is the first year of implementing the new standard, comparative data is not available. In future years comparative data will be presented.

Table 1 provides a summary of the Health District's net assets for 2004 compared to 2003 on a cash basis:

District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Table 1
Net Assets – Cash Basis

| | Governmental Activities | |
|--|--------------------------------|------------------|
| | 2004 | 2003 |
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | \$666,837 | \$549,446 |
| Net Assets | | |
| Restricted for: | | |
| Other Purposes: | | |
| Women, Infants and Children | 37,064 | 60,448 |
| Public Health Infrastructure | 59,856 | 32,445 |
| Immunization Action Planning | 628 | 813 |
| Welcome Home Newborn | 10,693 | 13,152 |
| Family Planning Program | 27,996 | 19,458 |
| Miscellaneous Purposes | 7,800 | 24,116 |
| Unrestricted | 522,800 | 399,014 |
| Total Net Assets | \$666,837 | \$549,446 |

As mentioned previously, net assets increased \$117,391. The increase is due primarily to an increase in the federal operating grants received and increase in vital statistics fees.

Table 2 reflects the changes in net assets in 2004. Since the Health District did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Table 2
Changes in Net Assets

| | Governmental Activities |
|--|--------------------------------|
| | 2004 |
| Receipts | |
| Program Cash Receipts | |
| Charges for Services | \$332,643 |
| Operating Grants and Contributions | 672,562 |
| Total Program Cash Receipts | 1,005,205 |
| General Receipts | |
| Grants and Entitlements – Unrestricted | 340,154 |
| Other Receipts | 45,263 |
| Total General Receipts | 385,417 |
| Total Receipts | \$1,390,622 |
| Disbursements: | |
| Health: | |
| Salaries | 720,914 |
| Supplies | 22,400 |
| Remittance to State | 39,207 |
| Equipment | 27,961 |
| Contracts – Services | 99,551 |

District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

| | |
|-------------------------------------|------------------|
| Liability Insurance | 3,842 |
| Travel | 27,155 |
| Hospitalization | 66,821 |
| Medicare | 3,505 |
| Public Employee's Retirement | 40,556 |
| Worker's Compensation | 4,228 |
| Unemployment Compensation | 600 |
| Other Expenses | 216,491 |
| Total Disbursements | 1,273,231 |
| | |
| Change in Net Assets | 117,391 |
| | |
| Net Assets Beginning of Year | 549,446 |
| Net Assets End of Year | \$666,837 |

In 2004, 28 percent of the Health District's total receipts were from general receipts, consisting mainly of unrestricted grants and entitlements. Program cash receipts accounted for 72 percent of the Health District's total receipts in year 2004. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants and donations.

Governmental Activities

If you look at the Statement of Activities – Cash Basis on page 10, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for salaries and other expenses, which account for 57% and 17% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Table 3
Governmental Activities

| | <u>Total Cost of Services 2004</u> | <u>Net Cost of Services 2004</u> |
|------------------------------|--|--------------------------------------|
| Health: | | |
| Salaries | \$720,914 | \$62,155 |
| Supplies | 22,400 | 22,400 |
| Remittance to State | 39,207 | (14,670) |
| Equipment | 27,961 | 27,961 |
| Contracts – Services | 99,551 | 5,709 |
| Liability Insurance | 3,842 | 3,842 |
| Travel | 27,155 | 17,268 |
| Hospitalization | 66,821 | 50,941 |
| Medicare | 3,505 | 2,672 |
| Public Employee's Retirement | 40,556 | 14,763 |
| Worker's Compensation | 4,228 | 3,223 |
| Unemployment Compensation | 600 | 457 |
| Other Expenses | 216,491 | 71,305 |
| Total Disbursements | <u>\$1,273,231</u> | <u>\$268,026</u> |

Charge for Services and Operating Grants of \$1,005,205, or 79% of the total costs of services, are received and used to fund the health expenses of the Health District. The remaining \$268,026, or 21% of health expenses is funded by non-restricted grants and other receipts.

Financial Analysis of Health District's Funds

The combined governmental funds had total receipts of \$1,390,622 and disbursements of \$1,273,231. The combined governmental funds had an increase in the cash balance of \$117,391, mainly due to an increase in federal operating grant receipts and vital statistics fees.

At the end of 2004 the General Fund had a fund balance of \$354,802, in comparison to a fund balance of \$282,367 at the end of 2003.

At the end of 2004 the Women, Infants and Children Fund had a fund balance of \$37,064, in comparison to a fund balance of \$60,448 at the end of 2003.

At the end of 2004 the Public Health Infrastructure Fund had a fund balance of \$59,856, in comparison to a fund balance of \$32,445 at the end of 2003.

Budgeting Highlights

The Health District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2004, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final budget.

District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Economic Factors

The Belmont County Health Department's financial information should reflect the awarding of the Women's Health Services Grant in 2005 in the amount of \$30,000.

The Family Planning program has increased from approximately 100 to 700 clients in the past 12 months.

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information, should be directed to Shirley Shumaker, Clerk, District Board of Health, 68501 Bannock Road, St. Clairsville, Ohio 43950.

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY**

Statement of Net Assets - Cash Basis
December 31, 2004

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$666,837</u> |
| <i>Total Assets</i> | <u>666,837</u> |
| Net Assets | |
| Restricted for: | |
| Other Purposes: | |
| Women, Infants and Children | 37,064 |
| Public Health Infrastructure | 59,856 |
| Immunization Action Planning | 628 |
| Welcome Home Newborn | 10,693 |
| Family Planning Program | 27,996 |
| Miscellaneous Purposes | 7,800 |
| Unrestricted | <u>522,800</u> |
| <i>Total Net Assets</i> | <u><u>\$666,837</u></u> |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY, OHIO**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Assets |
|---|-----------------------|-----------------------------------|---------------------------------------|---|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| Health: | | | | |
| Salaries | \$720,914 | \$223,775 | \$434,984 | (\$62,155) |
| Supplies | 22,400 | 0 | 0 | (22,400) |
| Remittance to State | 39,207 | 53,877 | | 14,670 |
| Equipment | 27,961 | 0 | 0 | (27,961) |
| Contracts - Services | 99,551 | 1,450 | 92,392 | (5,709) |
| Liability Insurance | 3,842 | 0 | | (3,842) |
| Travel | 27,155 | 9,887 | | (17,268) |
| Hospitalization | 66,821 | 15,880 | | (50,941) |
| Medicare | 3,505 | 833 | | (2,672) |
| Public Employee's Retirement | 40,556 | 25,793 | | (14,763) |
| Worker's Compensation | 4,228 | 1,005 | | (3,223) |
| Unemployment Compensation | 600 | 143 | | (457) |
| Other Expenses | 216,491 | 0 | 145,186 | (71,305) |
| | \$1,273,231 | \$332,643 | \$672,562 | (268,026) |
| <i>Total Governmental Activities</i> | | | | |
| | | | | |
| General Receipts | | | | |
| Grants and Entitlements not Restricted to Specific Programs | | | | 340,154 |
| Other Receipts | | | | 45,263 |
| | | | | 385,417 |
| <i>Total General Receipts</i> | | | | |
| Change in Net Assets | | | | 117,391 |
| <i>Net Assets Beginning of Year</i> | | | | 549,446 |
| <i>Net Assets End of Year</i> | | | | \$666,837 |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY, OHIO**

Statement of Cash Basis Assets and Cash Basis Fund Balances
Governmental Funds
December 31, 2004

| | General | Women, Infants and Children | Public Health Infrastructure | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash | \$354,802 | \$37,064 | \$59,856 | \$215,115 | \$666,837 |
| <i>Total Assets</i> | <u>\$354,802</u> | <u>\$37,064</u> | <u>\$59,856</u> | <u>\$215,115</u> | <u>\$666,837</u> |
| Fund Balances | | | | | |
| Reserved for Encumbrances | \$6,200 | \$2,800 | \$2,685 | \$6,106 | \$17,791 |
| Unreserved, Undesignated Reported in: | | | | | |
| General Fund | 348,602 | | | | 348,602 |
| Special Revenue Funds | | 34,264 | 57,171 | 209,009 | 300,444 |
| <i>Total Fund Balances</i> | <u>354,802</u> | <u>37,064</u> | <u>59,856</u> | <u>215,115</u> | <u>666,837</u> |
| <i>Total Fund Balances</i> | <u>\$354,802</u> | <u>\$37,064</u> | <u>\$59,856</u> | <u>\$215,115</u> | <u>\$666,837</u> |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY, OHIO**

Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

| | General | Women, Infants and Children | Public Health Infrastructure | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | |
| Federal Awards | \$0 | \$305,234 | \$145,050 | \$101,751 | \$552,035 |
| Intergovernmental | 340,154 | | | 109,992 | 450,146 |
| Inspection Fees | 56,497 | | | | 56,497 |
| Permits | | | | 3,910 | 3,910 |
| Other Fees | 40,483 | | | 231,753 | 272,236 |
| Other Receipts | 37,369 | 912 | 44 | 11,473 | 49,798 |
| <i>Total Receipts</i> | <u>474,503</u> | <u>306,146</u> | <u>145,094</u> | <u>458,879</u> | <u>1,384,622</u> |
| Disbursements | | | | | |
| Current: | | | | | |
| Salaries | 175,001 | 236,310 | 69,954 | 239,649 | 720,914 |
| Supplies | 22,000 | 400 | | | 22,400 |
| Remittance to State | | | | 39,207 | 39,207 |
| Equipment | 10,953 | 4,700 | 8,450 | 3,858 | 27,961 |
| Contracts - Services | 6,100 | 15,550 | 15,136 | 62,765 | 99,551 |
| Liability Insurance | 3,842 | | | | 3,842 |
| Travel | 23,356 | | | 3,799 | 27,155 |
| Hospitalization | 66,821 | | | | 66,821 |
| Medicare | 3,505 | | | | 3,505 |
| Public Employee's Retirement | 24,850 | | | 15,706 | 40,556 |
| Worker's Compensation | 4,228 | | | | 4,228 |
| Unemployment Compensation | 600 | | | | 600 |
| Other | 66,812 | 72,570 | 24,143 | 52,966 | 216,491 |
| <i>Total Disbursements</i> | <u>408,068</u> | <u>329,530</u> | <u>117,683</u> | <u>417,950</u> | <u>1,273,231</u> |
| <i>Excess of Receipts Over/(Under) Disbursements</i> | 66,435 | (23,384) | 27,411 | 40,929 | 111,391 |
| Other Financing Sources | | | | | |
| Other Sources | 6,000 | 0 | 0 | 0 | 6,000 |
| Total Other Financing Sources | <u>6,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,000</u> |
| <i>Net Change in Fund Balances</i> | 72,435 | (23,384) | 27,411 | 40,929 | 117,391 |
| <i>Fund Balances Beginning of Year</i> | <u>282,367</u> | <u>60,448</u> | <u>32,445</u> | <u>174,186</u> | <u>549,446</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$354,802</u></u> | <u><u>\$37,064</u></u> | <u><u>\$59,856</u></u> | <u><u>\$215,115</u></u> | <u><u>\$666,837</u></u> |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY, OHIO**

Statement of Cash Receipts, Disbursements, and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget |
|---|-------------------------|-------------------------|-------------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Intergovernmental | \$342,000 | \$342,000 | \$340,154 | (\$1,846) |
| Inspection Fees | 52,000 | 52,000 | 56,497 | 4,497 |
| Other Fees | 60,000 | 64,954 | 40,483 | (24,471) |
| Other Receipts | 9,000 | 37,170 | 37,369 | 199 |
| <i>Total Receipts</i> | <u>463,000</u> | <u>496,124</u> | <u>474,503</u> | <u>(21,621)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Salaries | 318,895 | 303,456 | 175,001 | 128,455 |
| Supplies | 21,000 | 22,000 | 22,000 | 0 |
| Equipment | 1,000 | 14,200 | 14,153 | 47 |
| Contracts - Services | 5,500 | 6,100 | 6,100 | 0 |
| Liability Insurance | 4,000 | 4,836 | 3,842 | 994 |
| Travel | 24,000 | 24,000 | 23,356 | 644 |
| Hospitalization | 80,000 | 80,000 | 66,821 | 13,179 |
| Medicare | 5,000 | 5,000 | 3,505 | 1,495 |
| Public Employee's Retirement | 44,600 | 46,399 | 24,850 | 21,549 |
| Worker's Compensation | 1,500 | 4,228 | 4,228 | 0 |
| Unemployment Compensation | 600 | 600 | 600 | 0 |
| Other Expenses | 41,000 | 69,900 | 69,812 | 88 |
| <i>Total Disbursements</i> | <u>547,095</u> | <u>580,719</u> | <u>414,268</u> | <u>166,451</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(84,095)</u> | <u>(84,595)</u> | <u>60,235</u> | <u>144,830</u> |
| Other Financing Sources | | | | |
| Other Sources | 5,500 | 6,000 | 6,000 | 0 |
| Total Other Financing Sources | <u>5,500</u> | <u>6,000</u> | <u>6,000</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | <u>(78,595)</u> | <u>(78,595)</u> | <u>66,235</u> | <u>144,830</u> |
| <i>Fund Balance Beginning of Year</i> | 279,367 | 279,367 | 279,367 | 0 |
| Prior Year Encumbrances Appropriated | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$203,772</u></u> | <u><u>\$203,772</u></u> | <u><u>\$348,602</u></u> | <u><u>\$144,830</u></u> |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY, OHIO**

Statement of Cash Receipts, Disbursements, and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Women, Infants and Children Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget |
|---------------------------------------|-------------------------|-------------------|------------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Federal Awards | \$316,721 | \$326,037 | \$305,234 | (\$20,803) |
| Other Receipts | | 400 | 912 | 512 |
| <i>Total Receipts</i> | <u>316,721</u> | <u>326,437</u> | <u>306,146</u> | <u>(20,291)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Salaries | 294,129 | 281,129 | 236,310 | 44,819 |
| Supplies | | 400 | 400 | 0 |
| Equipment | 700 | 4,700 | 4,700 | 0 |
| Contracts - Services | 22,640 | 17,640 | 15,550 | 2,090 |
| Other Expenses | 59,700 | 83,016 | 75,370 | 7,646 |
| <i>Total Disbursements</i> | <u>377,169</u> | <u>386,885</u> | <u>332,330</u> | <u>54,555</u> |
| <i>Net Change in Fund Balance</i> | (60,448) | (60,448) | (26,184) | 34,264 |
| <i>Fund Balance Beginning of Year</i> | <u>60,448</u> | <u>60,448</u> | <u>60,448</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$34,264</u></u> | <u><u>\$34,264</u></u> |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY, OHIO**

Statement of Cash Receipts, Disbursements, and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Public Health Infrastructure Fund
For the Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|-------------------------|----------------|-----------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Federal Awards | \$30,561 | \$89,041 | \$145,050 | \$56,009 |
| Other Receipts | | | 44 | 44 |
| <i>Total Receipts</i> | <u>30,561</u> | <u>89,041</u> | <u>145,094</u> | <u>56,053</u> |
| Disbursements | | | | |
| Current: | | | | |
| Salaries | 29,168 | 70,097 | 69,954 | 143 |
| Equipment | 8,450 | 8,450 | 8,450 | 0 |
| Contracts - Services | 7,365 | 15,136 | 15,136 | 0 |
| Other Expenses | 18,023 | 27,803 | 26,828 | 975 |
| <i>Total Disbursements</i> | <u>63,006</u> | <u>121,486</u> | <u>120,368</u> | <u>1,118</u> |
| <i>Net Change in Fund Balance</i> | (32,445) | (32,445) | 24,726 | 57,171 |
| <i>Fund Balance Beginning of Year</i> | 30,445 | 30,445 | 30,445 | 0 |
| Prior Year Encumbrances Appropriated | <u>2,000</u> | <u>2,000</u> | <u>2,000</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$57,171</u> | <u>\$57,171</u> |

See accompanying notes to the basic financial statements

This page intentionally left blank.

District Board of Health
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2004

Note 1 – Reporting Entity

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

The Health District's management believes these basic financial statements present all activities for which the Health District is financially accountable.

The reporting entity is composed of the primary government. The primary government consists of all funds that are not legally separate from the Health District.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

A. Basis of Presentation

The Health District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental revenues or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Health District.

District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Health District are presented as governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Health District are financed. The following are the Health District's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Public Health Infrastructure Fund - This is a Federal grant fund used to account for the Centers for Disease Control and Prevention – Investigations and Technical Assistance Program.

The other governmental funds of the Health District account for grants and other resources whose use is restricted for a particular purpose.

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the annual budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The annual budget demonstrates a need for existing or increased rates. The certificate of estimated resources establishes a limit on the amount the Health Board may appropriate. The appropriations resolution is the Health Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Health Board. The legal level of control has been established by the Health Board at the fund and object level for all funds.

District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 2 - Summary of Significant Accounting Policies (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Health Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Health Board during the year.

E. Cash and Cash Equivalents

As required by Ohio Revised Code, the Belmont County Treasurer is custodian for the Health District's cash. The Health District's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount.

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less. The Health District values investments and cash equivalents at cost.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Health District's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 2 - Summary of Significant Accounting Policies (continued)

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for miscellaneous purposes primarily include activities involving the Health District's tobacco program and raccoon rabies program. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The government-wide statement of net assets reports \$144,037 of restricted net assets, of which none is restricted by enabling legislation.

L. Fund Balance Reserves

The Health Board reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of the fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis for the general fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is (are) outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budget basis) amounted to:

| | General | Women, Infants Children | Public Health Infrastructure |
|--------------|----------|----------------------------|---------------------------------|
| GAAP Basis | \$72,435 | (\$23,384) | \$27,411 |
| Encumbrances | (6,200) | (2,800) | (2,685) |
| Budget Basis | \$66,235 | (\$26,184) | \$24,726 |

Note 4 - Deposits and Investments

Ohio law restricts deposits and investments to the following:

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;

District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the Health Board lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and bankers' acceptances; and debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the Health District. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Belmont County Treasurer serves as the fiscal agent for the Health District and the investments of the County funds, including the Health District's cash. The Health District maintains no control over the investment of its cash. The carrying amount of cash at December 31, 2004, was \$666,837.

Deposits: The Health District's deposits maintained by the Belmont County Treasurer are either insured by the Federal Deposit Insurance Corporation or were considered collateralized by securities held by the pledging institutions' trust departments in Belmont County's name and all State statutory requirements for the deposit of money had been followed.

Note 5 – Intergovernmental Funding

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

District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 6 – Risk Management

Risk Pool Membership

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding the \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

| <u>Casualty Coverage</u> | <u>2004</u> | <u>2003</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$30,547,049 | \$25,288,098 |
| Liabilities | <u>(16,989,918)</u> | <u>(12,872,985)</u> |
| Retained Earnings | <u>\$13,557,131</u> | <u>\$12,415,113</u> |

| <u>Property Coverage</u> | <u>2004</u> | <u>2003</u> |
|--------------------------|--------------------|--------------------|
| Assets | \$3,652,970 | \$3,158,813 |
| Liabilities | <u>(544,771)</u> | <u>(792,061)</u> |
| Retained Earnings | <u>\$3,108,199</u> | <u>\$2,366,752</u> |

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined

District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2004, members of all three plans were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The Health District's contribution rate for pension benefits for 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$191,134. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2003 (the latest information available), was \$10.5 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 8 - Postemployment Benefits (continued)

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Choices Plan will also offer a spending account feature enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

Note 9 – Contingent Liabilities

The Health District is not a defendant in any lawsuits.

Amounts grantor agencies pay to the Health District are subject to audit and adjustment. Grantors may require the Health District to refund any disallowed costs. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes such refunds would be immaterial.

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

| FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title | Pass-Through Entity Number | Federal CFDA Number | Disbursements |
|--|----------------------------------|---------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Special Supplemental Nutritional Program for Women, Infants and Children | 07-1-001-1-CL-04/05 | 10.557 | <u>\$329,530</u> |
| Total U.S. Department of Agriculture | | | <u>329,530</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Family Planning Services | 07-1-001-1-XX-03/04 | 93.217 | 54,972 |
| Immunization Grants | 07-1-001-2-AZ-04 | 93.268 | 35,406 |
| Centers for Disease Control and Prevention - Investigations and Technical Assistant | 07-1-001-2-BI-04/05 | 93.283 | <u>117,683</u> |
| <i>Total Passed Through Ohio Department of Health</i> | | | <u>208,061</u> |
| <i>Passed Through the Belmont County Department of Job and Family Services:</i> | | | |
| Temporary Assistance for Needy Families | N/A | 93.558 | <u>33,503</u> |
| <i>Total Passed Through the Belmont County Department of Job and Family Services:</i> | | | <u>33,503</u> |
| Total U.S. Department of Health and Human Services | | | <u>241,564</u> |
| Total Federal Awards Expenditures | | | <u>\$571,094</u> |

The accompanying Notes to the Federal Awards Expenditure Schedule is an integral part of this Schedule.

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Health District'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**

District Board of Health
Belmont County
68501 Bannock Road
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Board of Health, Belmont County, Ohio (the Health District), as of and for the year ended December 31, 2004, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated September 9, 2005, wherein we noted the Health District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. 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 Health District's internal control over financial reporting to determine our auditing procedures to express our opinions on the basic 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 Health District's management dated September 9, 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 Health District's basic 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 Health District's management dated September 9, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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

District Board of Health
Belmont 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, the Health District, 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

September 9, 2005



Auditor of State Betty Montgomery

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

District Board of Health
Belmont County
68501 Bannock Road
St. Clairsville, Ohio 43950

To the Members of the Board:

Compliance

We have audited the compliance of the District Board of Health, Belmont County, Ohio (the Health District), 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 Health District's major federal program. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Health District'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 Health District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Health District's compliance with those requirements.

In our opinion, the Health District 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 Health District'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 Health Board'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.

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

District Board of Health
Belmont County
Independent Accountants' Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

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 Health District, 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

September 9, 2005

**DISTRICT BOARD OF HEALTH
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS 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

DISTRICT BOARD OF HEALTH

BELMONT 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
NOVEMBER 10, 2005**