



**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2004



**Auditor of State
Betty Montgomery**

PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	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 Findings.....	13

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**Auditor of State
Betty Montgomery**

Paulding District Board of Health
Paulding County
101 West Perry Street
Paulding, Ohio 45879-1403

To the Members of the Board:

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

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

Betty Montgomery
Auditor of State

October 25, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Paulding District Board of Health
Paulding County
101 West Perry Street
Paulding, Ohio 45879-1403

To the Members of the Board:

We have audited the accompanying financial statements of Paulding District Board of Health, Paulding County, (the District) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provide a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District

has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004 or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of District Board of Health, Paulding County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 25, 2005

**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
State Funds	\$14,524	\$184,426	\$198,950
Levies	214,110		214,110
Fees and Licenses		28,915	28,915
Immunizations	39,259		39,259
Vital Statistics	22,164		22,164
Water Sample Fees	2,717		2,717
Environmental Licenses	25,722		25,722
Other Revenues	2,066		2,066
Total Cash Receipts	<u>320,562</u>	<u>213,341</u>	<u>533,903</u>
Cash Disbursements:			
Salaries	160,355	134,996	295,351
Supplies	22,058	32,012	54,070
Remittances to State		2,795	2,795
Contracts - Services	2,304		2,304
Travel	5,582	2,251	7,833
Public employee's retirement	21,380	29,334	50,714
Worker's compensation	2,008		2,008
Other	41,225	4,156	45,381
Total Cash Disbursements	<u>254,912</u>	<u>205,544</u>	<u>460,456</u>
Total Cash Receipts Over Cash Disbursements	<u>65,650</u>	<u>7,797</u>	<u>73,447</u>
Other Financing Receipts/(Disbursements):			
Advances-In		2,071	2,071
Advances-Out	(2,071)		(2,071)
Total Other Financing Receipts/(Disbursements)	<u>(2,071)</u>	<u>2,071</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>63,579</u>	<u>9,868</u>	<u>73,447</u>
Fund Cash Balances, January 1	<u>87,132</u>	<u>23,938</u>	<u>111,070</u>
Fund Cash Balances, December 31	<u><u>\$150,711</u></u>	<u><u>\$33,806</u></u>	<u><u>\$184,517</u></u>

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

**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
State Funds	\$9,990	\$165,705	\$175,695
Levies	208,668		208,668
Fees and Licenses		24,780	24,780
Immunizations	33,050		33,050
Vital Statistics	17,300		17,300
Water Sample Fees	3,015		3,015
Environmental Licenses	19,291		19,291
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	291,314	190,485	481,799
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries	131,632	118,650	250,282
Supplies	22,902	30,675	53,577
Remittances to State		2,781	2,781
Contracts - Services	1,501		1,501
Travel	8,651	2,127	10,778
Public employee's retirement	18,000	25,471	43,471
Worker's compensation	1,847		1,847
Other	56,899	2,920	59,819
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	241,432	182,624	424,056
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	49,882	7,861	57,743
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Advances-In	3,631		3,631
Advances-Out		(3,631)	(3,631)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	3,631	(3,631)	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	53,513	4,230	57,743
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	33,619	19,708	53,327
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$87,132</u>	<u>\$23,938</u>	<u>\$111,070</u>

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

**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board Health, Paulding County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include recording of vital statistics, inspection of food service facilities, water wells, sewers, campgrounds, trailer parks, swimming pools, and they act upon various complaints made to the District Board of Health concerning the health and welfare of the County.

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 accounts for the Special Supplemental Nutrition Program.

**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

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

Public Health Infrastructure Fund – This is a Federal grant fund used for the control of communicable diseases, chronic diseases and disorders, and other preventable health conditions

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

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

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

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

**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

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

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 290,868	\$ 320,562	\$ 29,694
Special Revenue	(939)	213,341	214,280
Total	<u>\$ 289,929</u>	<u>\$ 533,903</u>	<u>\$ 243,974</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 300,000	\$ 254,912	\$ 45,088
Special Revenue	201,363	205,544	(4,181)
Total	<u>\$ 501,363</u>	<u>\$ 460,456</u>	<u>\$ 40,907</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 266,381	\$ 291,314	\$ 24,933
Special Revenue	3,892	190,485	186,593
Total	<u>\$ 270,273</u>	<u>\$ 481,799</u>	<u>\$ 211,526</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 300,000	\$ 241,432	\$ 58,568
Special Revenue	194,517	182,624	11,893
Total	<u>\$ 494,517</u>	<u>\$ 424,056</u>	<u>\$ 70,461</u>

Contrary to Ohio law, the District did not submit estimate of revenues available to the District for the WIC Fund or the Public Health Infrastructure Grant Fund when the District certified its annual appropriation measure to the County Auditor.

3. PROPERTY TAX

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.

**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

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

5. RISK MANAGEMENT

The District has obtained commercial insurance for general liability.

The Paulding County Commissioners maintain building and contents insurance coverage for the District.

6. SUBSEQUENT EVENTS

The District Board of Health signed a purchase agreement on August 31, 2005 in the amount of \$147,500 for a building to relocate District offices.



**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***

Paulding District Board of Health
Paulding County
101 West Perry Street
Paulding, Ohio 45879-1403

To Members of the Board:

We have audited the financial statements of District Board of Health, Paulding County, (the District) as of and for the years ended December 31, 2004 and 2003, and have issued our reports thereon dated October 25, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item, 2004-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are

also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated October 25, 2005, we reported other matters involving internal control over financial reporting which 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards*¹ which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the District's management dated October 25, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 25, 2005

**PAULDING DISTRICT BOARD OF HEALTH
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 3709.28 provides that a general health district shall, annually, on or before the first Monday of April, adopt an itemized appropriation measure. The appropriation measure, together with an estimate in itemized form, of the several sources of revenue available to the district, including the amount due from the state for the next fiscal year, and the amount which the board anticipates will be collected in fees during the next ensuing fiscal year, shall be certified to the county auditor and submitted to the county budget commission.

In 2003 and 2004, the District did not submit estimate of revenues available to the District for the WIC Grant Fund or the Public Health Infrastructure Grant Fund when the District certified its annual appropriation measure to the County Auditor.

We recommend the District include all funds it expects to receive in the estimate it submits with its appropriation measure for certification by the county auditor.

FINDING NUMBER 2004-002

Reportable Condition

Estimated Revenue

Ohio Administrative Code § 117-2-02(C)(1) provides that all local public offices should integrate the budgetary accounts, at the legal level of control, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Estimated resources reported on the accounting system differed from the amounts approved by the Board and submitted to the County Auditor in 2003 and 2004 in the following funds by the following amounts:

<u>Fund</u>	<u>Approved Estimated Receipts</u>	<u>Posted Estimated Revenues</u>	<u>Variance</u>
<u>Fiscal Year 2003:</u>			
WIC Grant Fund	\$0	\$74,200	(\$74,200)
Public Health Infrastructure Grant Fund	0	73,712	(73,712)
<u>Fiscal Year 2004:</u>			
General Fund	378,000	350,000	28,000
Special Health Fund	23,000	25,000	(2,000)
WIC Grant Fund	0	96,000	(96,000)
Public Health Infrastructure Grant Fund	0	116,482	(116,482)

**FINDING NUMBER 2004-002
(Continued)**

This resulted in inaccurate budgetary reports which could make it difficult for management to make informed decisions whether the District's actual reports are sufficient to support appropriated disbursements. We recommend that estimated receipts be posted based on amounts certified by the County Auditor and County Budget Commission. As part of the monitoring process, the Fiscal Officer and the Board should review the records to ensure that all budgeted amounts are properly reflected in the appropriate funds and the actual receipts are sufficient to cover appropriated disbursements.



**Auditor of State
Betty Montgomery**

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DISTRICT BOARD OF HEALTH

PAULDING 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**