



**Auditor of State
Betty Montgomery**

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

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**Auditor of State
Betty Montgomery**

Adams County District Board of Health
Adams County
116 West Mulberry Street
West Union, Ohio 45693

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.

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Betty Montgomery
Auditor of State

October 31, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Adams County District Board of Health
Adams County
116 West Mulberry Street
West Union, Ohio 45693

To the Members of the Board:

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

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

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

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Adams County District Board of Health, Adams 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 31, 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 31, 2005

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS 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:			
Federal awards	\$0	\$128,499	\$128,499
Intergovernmental	143,717	94,219	237,936
Permits		3,265	3,265
Other fees	22,243	159,909	182,152
Licenses / Inspection Fees		121,834	121,834
Contractual services		745	745
Other receipts	20	5,478	5,498
	<u>165,980</u>	<u>513,949</u>	<u>679,929</u>
Total Cash Receipts			
	<u>165,980</u>	<u>513,949</u>	<u>679,929</u>
Cash Disbursements:			
Salaries	68,829	313,246	382,075
Supplies	5,653	40,089	45,742
Remittances to State	11,151	5,567	16,718
Equipment	1,887	12,500	14,387
Contracts - Repair	60	2,193	2,253
Contracts - Services	3,137	21,934	25,071
Contracts - Services Utilities	5,654		5,654
Travel	1,595	11,270	12,865
Insurance	48,480	16,383	64,863
Public employee's retirement	8,870	40,396	49,266
Worker's compensation	679	2,638	3,317
Other	11,160	8,334	19,494
	<u>167,155</u>	<u>474,550</u>	<u>641,705</u>
Total Disbursements			
	<u>167,155</u>	<u>474,550</u>	<u>641,705</u>
Total Receipts Over/(Under) Disbursements	<u>(1,175)</u>	<u>39,399</u>	<u>38,224</u>
Other Financing Receipts/(Disbursements):			
Advances-In	10,000	10,000	20,000
Advances-Out	(10,000)	(10,000)	(20,000)
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,175)	39,399	38,224
Fund Cash Balances, January 1	<u>10,488</u>	<u>173,951</u>	<u>184,439</u>
Fund Cash Balances, December 31	<u>\$9,313</u>	<u>\$213,350</u>	<u>\$222,663</u>
Reserves for Encumbrances, December 31	<u>\$4,016</u>	<u>\$25,709</u>	<u>\$29,725</u>

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

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards	\$0	\$114,926	\$114,926
Intergovernmental	143,846	85,889	229,735
Permits		47,740	47,740
Other fees	20,186	151,924	172,110
Licenses / Inspection Fees		28,949	28,949
Contractual services		1,150	1,150
Other receipts		2,913	2,913
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	164,032	433,491	597,523
Cash Disbursements:			
Salaries	67,641	262,863	330,504
Supplies	5,563	40,876	46,439
Remittances to State	5,949	5,721	11,670
Equipment	3,552	29,156	32,708
Contracts - Repair	100	3,484	3,584
Contracts - Services	1,150	23,784	24,934
Contracts - Services Utilities	5,053		5,053
Travel	1,984	11,275	13,259
Insurance	44,964	7,704	52,668
Public employee's retirement	11,784	39,427	51,211
Worker's compensation	561	1,767	2,328
Other	12,729	6,071	18,800
	<hr/>	<hr/>	<hr/>
Total Disbursements	161,030	432,128	593,158
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	3,002	1,363	4,365
Other Financing Receipts/(Disbursements):			
Advances-In	25,000	25,000	50,000
Advances-Out	(25,000)	(27,600)	(52,600)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	(2,600)	(2,600)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	3,002	(1,237)	1,765
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	7,486	175,188	182,674
Fund Cash Balances, December 31	<hr/> \$10,488 <hr/>	<hr/> \$173,951 <hr/>	<hr/> \$184,439 <hr/>
Reserves for Encumbrances, December 31	<hr/> \$7,842 <hr/>	<hr/> \$20,836 <hr/>	<hr/> \$28,678 <hr/>

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

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS 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 Adams County District Board of Health, Adams County, Ohio (the District), as a body corporate and politic. The District is directed by a six-member Board selected by the Adams County Health District Advisory Council, which consists of representatives of the Villages, Townships, and Adams County Commissioners. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Health Nursing Fund – This fund receives fees for providing nursing services to the public, such as immunizations and physical testing and their related expenses.

Appalachian Hope Van Fund – This fund receives tax revenue to operate a health van to provide basic health services to the public.

Environmental Health – This fund receives intergovernmental revenue and fees for testing of environmental issues.

Public Health Infrastructure – This fund receives intergovernmental revenue for public health infrastructure issues.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 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.

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

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

2. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$164,755	\$175,980	\$11,225
Special Revenue	513,541	513,950	409
Total	\$678,296	\$689,930	\$11,634

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,597	\$171,171	\$1,426
Special Revenue	519,648	500,259	19,389
Total	\$692,245	\$671,430	\$20,815

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$164,756	\$189,032	\$24,276
Special Revenue	457,109	458,491	1,382
Total	\$621,865	\$647,523	\$25,658

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$169,681	\$168,872	\$809
Special Revenue	476,343	452,964	23,379
Total	\$646,024	\$621,836	\$24,188

3. INTERGOVERNMENTAL FUNDING

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

The Adams County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The Appalachian Hope Van levy generated \$62,435 in 2004 and \$54,175 in 2003. These amounts are included in intergovernmental receipts in the financial statements.

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

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

4. ADVANCES IN/OUT

Certain state and federal reimbursement grants require that expenditures be made before grant funds are sent to the District. The County advanced \$2,600 to the District in 2002 for these start-up expenditures and then the District repaid the County when the grant monies were received in 2003. Adams County advanced the Adams County District Board of Health \$25,000 in 2003 and \$10,000 in 2004 for start-up monies. The Adams County District Board of Health repaid the County \$25,000 in 2003 and \$10,000 in 2004.

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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, PERS 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.

6. RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

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

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

**ADAMS COUNTY DISTRICT BOARD OF HEALTH
ADAMS COUNTY**

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

6. RISK MANAGEMENT (Continued)

Property Coverage

OTARMA 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 OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA'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, 2004 and 2003:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

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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*

Adams County District Board of Health
Adams County
116 West Mulberry Street
West Union, Ohio 45693

To the Members of the Board:

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated October 31, 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 District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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We intend this report solely for the information and use of the management and the Board of Directors. 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

October 31, 2005



**Auditor of State
Betty Montgomery**

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ADAMS COUNTY DISTRICT BOARD OF HEALTH

ADAMS 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 29, 2005**