



Mary Taylor, CPA  
Auditor of State



**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets - Cash Basis.....	9
Statement of Activities - Cash Basis.....	10
Statement of Cash Basis Assets and Cash Basis Fund Balances – Governmental Funds .....	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds .....	12
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) – General Fund .....	13
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) – Women, Infants, and Children Fund .....	14
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) – Family Planning Program Fund .....	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) – Food Service Fund.....	16
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) – Vital Statistics Fund.....	17
Notes to the Basic Financial Statements .....	19
Schedule of Federal Awards Expenditures.....	27
Notes to the Schedule of Federal Awards Expenditures Schedule .....	28
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	29
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 .....	31
Schedule of Findings - OMB Circular A-133 § .505.....	33
Schedule of Prior Audit Findings - OMB Circular A-133 Section .315 (b) .....	34

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# Mary Taylor, CPA

## Auditor of State

### 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, 2006, 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 2, 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 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, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Women, Infants and Children, Family Planning Program, Food Service, and Vital Statistic Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2007, 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 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://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 financial statements that collectively comprise the Health District's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

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

**Mary Taylor, CPA**  
Auditor of State

September 18, 2007

**District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of the Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2006, 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 enhance their understanding of the Health District's financial performance.

**Financial Highlights**

Key financial highlights for 2006 are as follows:

- Net assets of governmental activities increased \$69,172 or 8.7 percent.
- The Health District's general receipts accounted for \$418,352 in receipts or 29.0 percent of all receipts, and are primarily unrestricted grants and entitlements. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$1,026,321 or 71.0 percent of total receipts of \$1,444,673.
- The Health District had \$1,375,501 in disbursements related to governmental activities; only \$1,026,321 of these disbursements were offset by program specific charges for services and operating grants and contributions. General receipts of \$418,352 were adequate to provide for these programs.
- The Health District had five major funds; General, Women, Infants and Children, Family Planning Program, Food Service, and the Vital Statistics Fund. The General Fund had \$528,143 in receipts and \$493,565 in disbursements. The General Fund's cash balance increased \$34,578. The Women, Infants and Children Fund had \$289,964 in receipts and \$321,594 in disbursements. The Women, Infants and Children Fund's cash balance decreased \$31,630. The Family Planning Program Fund had \$73,154 in receipts and \$42,662 in disbursements. The Family Planning Program Fund's cash balance increased \$30,492. The Food Service Fund had \$130,770 in receipts and \$119,672 in disbursements. The Food Service Fund's cash balance increased \$11,098. The Vital Statistics Fund had \$117,420 in receipts and \$92,800 in disbursements. The Vital Statistics Fund's cash balance increased \$24,620.

**Using the Basic Financial Statement**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Health District's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District Board of Health as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities and conditions on a cash basis of accounting.

**Report Components**

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the cash activities of the Health District as a whole, presenting both the aggregate view of the Health District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

**District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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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.

**Reporting the Health District as a Whole**

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis reflect how the Health District did financially during 2006, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for the governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and operating grants and contributions restricted to meeting the operational requirements of the 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.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other non-financial factors as well, such as the Health District's property tax base, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

**Reporting the Health District's Most Significant Funds**

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. All of the operating funds of the Health District are governmental.



**District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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, Women, Infants and Children Fund, Family Planning Program Fund, Food Service Fund, and the Vital Statistics 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 Health District as a Whole**

Table 1 provides a summary of the Health District's net assets for 2006 compared to 2005 on a cash basis:

**Table 1**  
**Net Assets – Cash Basis**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$867,355	\$798,183
<b>Total Assets</b>	<b>867,355</b>	<b>798,183</b>
<b>Net Assets</b>		
Restricted for:		
Other Purposes:		
Women, Infants and Children	24,135	55,765
Public Health Infrastructure	8,653	32,171
Immunization Action Planning	5,822	21
Welcome Home Newborn	4,837	6,735
Family Planning Program	90,156	59,663
Miscellaneous Purposes	31,821	19,913
Unrestricted	701,931	623,915
<b>Total Net Assets</b>	<b>\$867,355</b>	<b>\$798,183</b>

As mentioned previously, net assets of governmental activities increased \$69,172 or 8.7 percent during 2006. The increase is due primarily to an increase in the number of family planning client's during 2006, an increase in the fees charged for birth and death certificates as required by state statute and an increase in the fees charged for out-of-state tuberculosis testing, and the receipt of a new Women's Health Services grant.

**District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities:

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities 2006</b>	<b>Governmental Activities 2005</b>
<b>Receipts:</b>		
Program Cash Receipts		
Charges for Services and Sales	\$418,067	\$372,537
Operating Grants and Contributions	608,254	652,770
<b>Total Program Cash Receipts</b>	<u>1,026,321</u>	<u>1,025,307</u>
General Receipts		
Grants and Entitlements not Restricted for Specific Purposes	340,977	341,063
Other Receipts	77,375	83,254
<b>Total General Receipts</b>	<u>418,352</u>	<u>424,317</u>
<b>Total Receipts</b>	<u>1,444,673</u>	<u>1,449,624</u>
<b>Disbursements:</b>		
Health:		
Salaries	842,753	748,885
Supplies	24,955	18,450
Remittance to State	70,106	42,280
Equipment	12,616	50,915
Contracts – Services	74,444	90,256
Liability Insurance	4,912	4,931
Travel	29,667	30,252
Hospitalization	74,344	79,963
Medicare	4,548	4,013
Public Employee's Retirement	56,340	45,421
Worker's Compensation	5,510	3,993
Unemployment Compensation	1,000	600
Other	174,306	198,319
<b>Total Disbursements</b>	<u>1,375,501</u>	<u>1,318,278</u>
<b>Change in Net Assets</b>	69,172	131,346
<b>Net Assets Beginning of Year</b>	<u>798,183</u>	<u>666,837</u>
<b>Net Assets End of Year</b>	<u><u>\$867,355</u></u>	<u><u>\$798,183</u></u>

Program receipts represent 71.0 percent of total receipts and are primarily comprised 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 contributions.

General receipts represent only 29.0 percent of the Health District's total receipts, and of this amount, 81.5 percent are unrestricted grants and entitlements. Other receipts make up the balance of the Health District's general receipts (18.5 percent).

Disbursements for health services represent the overhead costs of running the Health District. The majority of cash disbursements were for salaries and related expenses which account for \$842,753 or 61.3 and other expenses which accounted for \$174,306 or 12.7 percent of total cash disbursements.

**District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

**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 were for salaries and related expenses and other expenses, which accounted for 61.3 and 12.7 percent of all cash disbursements, respectively. The next two columns on the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and operating grants and contributions received by the Health District that must be used to provide a specific service. The Net (Disbursements) Receipts and Changes in Net Assets column compare the program cash 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.

**Table 3**  
**Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Health:				
Salaries	\$842,753	\$748,885	\$197,290	\$103,534
Supplies	24,955	18,450	18,268	10,526
Remittance to State	70,106	42,280	(15,462)	(11,570)
Equipment	12,616	50,915	1,473	50,915
Contracts – Services	74,444	90,256	1,648	(5,389)
Liability Insurance	4,912	4,931	3,596	3,547
Travel	29,667	30,252	14,746	16,733
Hospitalization	74,344	79,963	54,423	57,514
Medicare	4,548	4,013	3,329	2,886
Public Employee's Retirement	56,340	45,421	27,191	16,666
Worker's Compensation	5,510	3,993	4,034	2,872
Unemployment Compensation	1,000	600	732	432
Other	174,306	198,319	37,912	44,305
<b>Total Disbursements</b>	<b>\$1,375,501</b>	<b>\$1,318,278</b>	<b>\$349,180</b>	<b>\$292,971</b>

Charges for services and sales and operating grants and contributions of 1,026,321, or 74.6 percent of the total costs of services are received and used to fund the health expenses of the Health District. The remaining \$349,180 or 25.4 percent of health expenses is funded by unrestricted grants and entitlements and other receipts.

**The Health District's Funds**

As noted earlier, the Health District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the Health District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the year.

**District Board of Health**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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The Health District's governmental funds had total receipts of \$1,456,223 and disbursements of \$1,387,051. The fund balances increased \$69,172 as a result of an increase in the number of family planning client's during 2006, an increase in the fees charged for birth and death certificates as required by state statute and an increase in the fees charged for out-of-state tuberculosis testing, and the receipt of a new Women's Health Services grant.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

At the end of 2006, the General Fund had a fund cash balance of \$445,595, in comparison to a 2005 fund cash balance of \$411,017.

At the end of 2006, the Women, Infants and Children Fund had a fund cash balance of \$24,135, in comparison to a 2005 fund cash balance of \$55,765.

At the end of 2006, the Family Planning Program Fund had a fund cash balance of \$90,156, in comparison to a 2005 fund cash balance of \$59,664.

At the end of 2006, the Food Service Fund had a fund cash balance of \$122,367, in comparison to a 2005 fund cash balance of \$111,269.

At the end of 2006, the Vital Statistics Fund had a fund cash balance of \$98,973, in comparison to a 2005 fund cash balance of \$74,353.

**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 2006, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The difference between final budgeted appropriations and actual disbursements was not significant.

**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, Fiscal Officer, 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, 2006**

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$867,355</u>
<i>Total Assets</i>	<u>867,355</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes:	
Women, Infants and Children	24,135
Public Health Infrastructure	8,653
Immunization Action Planning	5,822
Welcome Home Newborn	4,837
Family Planning Program	90,156
Miscellaneous Purposes	31,821
Unrestricted	<u>701,931</u>
<i>Total Net Assets</i>	<u><u>\$867,355</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Activities - Cash Basis  
For the Fiscal Year Ended December 31, 2006**

	Program Cash Receipts			Net (Disbursements) Rece
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Ass Governmental Activities
<b>Governmental Activities</b>				
Health:				
Salaries	\$842,753	\$244,935	\$400,528	(\$197,290)
Supplies	24,955	6,687		(18,268)
Remittance to State	70,106	85,568		15,462
Equipment	12,616		11,143	(1,473)
Contracts - Services	74,444		72,796	(1,648)
Liability Insurance	4,912	1,316		(3,596)
Travel	29,667	14,921		(14,746)
Hospitalization	74,344	19,921		(54,423)
Medicare	4,548	1,219		(3,329)
Public Employee's Retirement	56,340	29,149		(27,191)
Worker's Compensation	5,510	1,476		(4,034)
Unemployment Compensation	1,000	268		(732)
Other	174,306	12,607	123,787	(37,912)
<i>Total Governmental Activities</i>	\$1,375,501	\$418,067	\$608,254	(349,180)
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				340,977
Other Receipts				77,375
<i>Total General Receipts</i>				418,352
Change in Net Assets				69,172
<i>Net Assets Beginning of Year</i>				798,183
<i>Net Assets End of Year</i>				\$867,355

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Cash Basis Assets and Cash Basis Fund Balances  
Governmental Funds  
December 31, 2006**

	General	Women, Infants and Children	Family Planning Program	Food Service	Vital Statistics	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$445,595	\$24,135	\$90,156	\$122,367	\$98,973	\$86,129	\$867,355
<i>Total Assets</i>	<u>\$445,595</u>	<u>\$24,135</u>	<u>\$90,156</u>	<u>\$122,367</u>	<u>\$98,973</u>	<u>\$86,129</u>	<u>\$867,355</u>
<b>Fund Balances</b>							
Reserved for Encumbrances	\$8,781	\$5,391	\$3,760	\$643	\$3,524	\$31,329	\$53,428
Unreserved, Undesignated Reported in:							
General Fund	436,814						436,814
Special Revenue Funds		18,744	86,396	121,724	95,449	54,800	377,113
<i>Total Fund Balances</i>	<u>\$445,595</u>	<u>\$24,135</u>	<u>\$90,156</u>	<u>\$122,367</u>	<u>\$98,973</u>	<u>\$86,129</u>	<u>\$867,355</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Fiscal Year Ended December 31, 2006**

	General	Women, Infants and Children	Family Planning Program	Food Service	Vital Statistics	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Federal Awards		\$288,949	\$35,290			\$181,075	\$505,314
Intergovernmental	\$340,977					102,940	443,917
Charges for Services	53,408		26,990				80,398
Inspection Fees	76,285						76,285
Permits						9,620	9,620
Other Fees				\$130,770	\$117,420	12,189	260,379
Other Receipts	55,473	1,015	10,874			1,398	68,760
<i>Total Receipts</i>	<u>526,143</u>	<u>289,964</u>	<u>73,154</u>	<u>130,770</u>	<u>117,420</u>	<u>307,222</u>	<u>1,444,673</u>
<b>Disbursements</b>							
Current:							
Salaries	259,894	239,540	26,935	89,359	35,869	191,156	842,753
Supplies	24,955						24,955
Remittance to State				11,924	51,914	6,268	70,106
Equipment		3,000	500			9,116	12,616
Contracts - Services		14,876	3,180			56,388	74,444
Liability Insurance	4,912						4,912
Travel	22,014			6,853		800	29,667
Hospitalization	74,344						74,344
Medicare	4,548						4,548
Public Employee's Retirement	39,787			11,536	5,017		56,340
Worker's Compensation	5,510						5,510
Unemployment Compensation	1,000						1,000
Other	47,051	64,178	12,047			51,030	174,306
<i>Total Disbursements</i>	<u>484,015</u>	<u>321,594</u>	<u>42,662</u>	<u>119,672</u>	<u>92,800</u>	<u>314,758</u>	<u>1,375,501</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	42,128	(31,630)	30,492	11,098	24,620	(7,536)	69,172
<b>Other Financing Sources/(Uses)</b>							
Advances-In	2,000					9,550	11,550
Advances-Out	(9,550)					(2,000)	(11,550)
<i>Total Other Financing Sources/(Uses)</i>	<u>(7,550)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,550</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	34,578	(31,630)	30,492	11,098	24,620	14	69,172
<i>Fund Balances Beginning of Year</i>	<u>411,017</u>	<u>55,765</u>	<u>59,664</u>	<u>111,269</u>	<u>74,353</u>	<u>86,115</u>	<u>798,183</u>
<i>Fund Balances End of Year</i>	<u>\$445,595</u>	<u>\$24,135</u>	<u>\$90,156</u>	<u>\$122,367</u>	<u>\$98,973</u>	<u>\$86,129</u>	<u>\$867,355</u>

See accompanying notes to the basic financial statements



**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Cash Receipts, Cash Disbursements, and Changes  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$342,000	\$342,000	\$340,977	(\$1,023)
Charges for Services	100,000	100,000	53,408	(46,592)
Inspection Fees	65,000	65,000	76,285	11,285
Other Receipts	52,000	52,000	55,473	3,473
<i>Total Receipts</i>	<u>559,000</u>	<u>559,000</u>	<u>526,143</u>	<u>(32,857)</u>
<b>Disbursements</b>				
Current:				
Salaries	315,000	344,994	260,344	84,650
Supplies	25,000	25,000	24,955	45
Equipment	1,000	1,000		1,000
Liability Insurance	5,000	5,000	4,912	88
Travel	27,500	27,500	27,396	104
Hospitalization	95,000	95,000	74,344	20,656
Medicare	5,500	5,500	4,548	952
Public Employee's Retirement	45,000	45,000	39,787	5,213
Worker's Compensation	2,000	5,510	5,510	0
Unemployment Compensation	1,000	1,000	1,000	0
Other	40,000	50,000	49,999	1
<i>Total Disbursements</i>	<u>562,000</u>	<u>605,504</u>	<u>492,795</u>	<u>112,709</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,000)</u>	<u>(46,504)</u>	<u>33,348</u>	<u>79,852</u>
<b>Other Financing Sources/(Uses)</b>				
Advances In		31,060	2,000	(29,060)
Transfers In		19,994		(19,994)
Advances Out		(7,550)	(9,550)	(2,000)
<i>Total Other Financing Sources/(Uses)</i>	<u>0</u>	<u>43,504</u>	<u>(7,550)</u>	<u>(51,054)</u>
<i>Net Change in Fund Balance</i>	<u>(3,000)</u>	<u>(3,000)</u>	<u>25,798</u>	<u>28,798</u>
<i>Fund Balance Beginning of Year</i>	<u>408,018</u>	<u>408,018</u>	<u>408,018</u>	<u>0</u>
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>\$408,018</u>	<u>\$408,018</u>	<u>\$436,816</u>	<u>\$28,798</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Cash Receipts, Cash Disbursements, and Changes  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Women, Infants and Children Fund  
For the Fiscal Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Federal Awards	\$232,145	\$316,223	\$288,949	(\$27,274)
Other Receipts		400	1,015	615
<i>Total Receipts</i>	<u>232,145</u>	<u>316,623</u>	<u>289,964</u>	<u>(26,659)</u>
<b>Disbursements</b>				
Current:				
Salaries	233,510	280,188	239,540	40,648
Contracts - Services	18,000	20,900	16,726	4,174
Equipment		3,000	3,000	0
Other	39,300	68,300	67,719	581
<i>Total Disbursements</i>	<u>290,810</u>	<u>372,388</u>	<u>326,985</u>	<u>45,403</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(58,665)</u>	<u>(55,765)</u>	<u>(37,021)</u>	<u>18,744</u>
<i>Fund Balance Beginning of Year</i>	52,865	52,865	52,865	0
Prior Year Encumbrances Appropriated	<u>2,900</u>	<u>2,900</u>	<u>2,900</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$2,900)</u>	<u>\$0</u>	<u>\$18,744</u>	<u>\$18,744</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Cash Receipts, Cash Disbursements, and Changes  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Family Planning Program Fund  
For the Fiscal Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Federal Awards	\$8,149	\$43,439	\$35,290	(\$8,149)
Charges for Services			26,990	26,990
Other Receipts	5,799		10,874	10,874
<i>Total Receipts</i>	<u>13,948</u>	<u>43,439</u>	<u>73,154</u>	<u>29,715</u>
<b>Disbursements</b>				
Current:				
Salaries	50,118	68,708	26,935	41,773
Equipment	500	500	500	0
Contracts - Services	2,440	7,440	5,450	1,990
Other	14,755	26,455	13,537	12,918
<i>Total Disbursements</i>	<u>67,813</u>	<u>103,103</u>	<u>46,422</u>	<u>56,681</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(53,865)</u>	<u>(59,664)</u>	<u>26,732</u>	<u>86,396</u>
<i>Fund Balance Beginning of Year</i>	59,664	59,664	59,664	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,799</u></u>	<u><u>\$0</u></u>	<u><u>\$86,396</u></u>	<u><u>\$86,396</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Cash Receipts, Cash Disbursements, and Changes  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Food Service Fund  
For the Fiscal Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Other Fees	<u>\$133,000</u>	<u>\$133,000</u>	<u>\$130,770</u>	<u>(\$2,230)</u>
<i>Total Receipts</i>	<u>133,000</u>	<u>133,000</u>	<u>130,770</u>	<u>(2,230)</u>
<b>Disbursements</b>				
Current:				
Salaries	98,800	98,800	89,359	9,441
Remittance to State	13,500	13,500	11,924	1,576
Travel	7,500	7,500	7,496	4
Public Employee's Retirement	<u>13,200</u>	<u>13,200</u>	<u>11,536</u>	<u>1,664</u>
<i>Total Disbursements</i>	<u>133,000</u>	<u>133,000</u>	<u>120,315</u>	<u>12,685</u>
<i>Excess of Receipts Over Disbursements</i>	<u>0</u>	<u>0</u>	<u>10,455</u>	<u>10,455</u>
<i>Fund Balance Beginning of Year</i>	111,269	111,269	111,269	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$111,269</u></u>	<u><u>\$111,269</u></u>	<u><u>\$121,724</u></u>	<u><u>\$10,455</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**Statement of Cash Receipts, Cash Disbursements, and Changes  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Vital Statistics Fund  
For the Fiscal Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Other Fees	\$85,000	\$89,206	\$117,420	\$28,214
<i>Total Receipts</i>	<u>85,000</u>	<u>89,206</u>	<u>117,420</u>	<u>28,214</u>
<b>Disbursements</b>				
Current:				
Salaries	35,950	35,950	35,869	81
Remittance to State	55,456	55,456	55,438	18
Public Employee's Retirement	6,000	6,000	5,017	983
<i>Total Disbursements</i>	<u>97,406</u>	<u>97,406</u>	<u>96,324</u>	<u>1,082</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,406)</u>	<u>(8,200)</u>	<u>21,096</u>	<u>29,296</u>
<i>Fund Balance Beginning of Year</i>	70,853	70,853	70,853	0
Prior Year Encumbrances Appropriated	3,500	3,500	3,500	0
<i>Fund Balance End of Year</i>	<u><u>\$61,947</u></u>	<u><u>\$66,153</u></u>	<u><u>\$95,449</u></u>	<u><u>\$29,296</u></u>

See accompanying notes to the basic financial statements

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**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

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**Note 1 - Reporting Entity**

The District Board of Health, Belmont County (the Health District), is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it.

The Health District is directed by a six-member Board. The Board appoints a Health Commissioner and all employees of the Health District. The Health District provides communicable disease investigations, immunization clinics, inspections, public health nursing services, issues health-related licenses and permits, and emergency response planning.

**A. Primary Government**

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the Health District consists of all funds, departments, Board, and agencies that are not legally separate from the Health District.

**B. Component Units**

Component units are legally separate organizations for which the Health District is financially accountable. Component units may also include organizations that are fiscally dependent on the Health District in that the Health District approves their budget, the issuance of their debt or the levying of their taxes. No separate governmental units meet the criteria for inclusion as a component unit.

**C. Public Entity Risk Pool**

The Health District participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, 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 – cash basis and a statement of activities – cash basis, and fund financial statements which provide a more detailed level of financial information.

The statement of net assets – cash basis and the statement of activities – cash basis 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 taxes, intergovernmental receipts or other nonexchange transactions. The Health District has no business-type activities.

**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

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The statement of net assets – cash basis presents the cash balances 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 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 is self-financing on a cash basis or draws from the general receipts of the Health District.

During the year, the Health District segregates transactions related to the 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. Funds are used to segregate resources that are restricted as to use. The funds of the Health District are 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.

Family Planning Program Fund – This is a Federal grant fund used to account for family planning related counseling and services.

Food Service Fund – This fund is used to account for the inspection and licensing of various food service establishments.

Vital Statistics Fund – This fund is used to account for the issuance of birth and death certificates.

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



**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

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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 Data**

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Health District may appropriate. The appropriations resolution is the Health District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at a level of control selected by the Health District. The legal level of control has been established by the Health District at the fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the Health District if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the Health District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts in 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 Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering 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 Board during the year.

**E. Cash and Investments**

As required by Ohio Revised Code, the Belmont County Treasurer is custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from Joseph Pappano, County Auditor, at 101 West Main Street, St. Clairsville, Ohio 43950.

**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.

**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

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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. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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.

K. 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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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, raccoon rabies and women's health services programs. 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 \$165,424 of restricted net assets, of which none is restricted by enabling legislation.

M. Fund Balance Reserves

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

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

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**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 Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$8,781
Major Special Revenue Funds:	
Women, Infants, and Children Fund	5,391
Family Planning Program Fund	3,760
Food Service Fund	643
Vital Statistics Fund	3,524

**Note 4 – 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.

**Note 5 – Risk Management**

**Risk Pool Membership**

The Health District is exposed to various risks of property and casualty losses, and injuries to employees.

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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**

For an occurrence prior to January 1, 2006, PEP retains casualty risk up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2006:

<u>Casualty Coverage</u>	<u>2006</u>
Assets	\$30,997,868
Liabilities	(15,875,741)
Retained earnings	<u>\$15,122,127</u>

<u>Property Coverage</u>	<u>2006</u>
Assets	\$5,125,326
Liabilities	(863,163)
Retained earnings	<u>\$4,262,163</u>

At December 31, 2006, casualty coverage liabilities noted above include approximately \$14.4 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006. These amounts will be included in future contributions from members when the related claims are due for payment. The Health District's share of these unpaid claims collectible in future years is approximately \$10,000. This payable includes the subsequent year's contribution due if the Health District terminates participation, as described in the last paragraph below.

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

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<b><u>Contributions to PEP</u></b>	
2004	\$4,115
2005	\$4,931
2006	\$4,912

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 6 – Defined Benefit Pension Plan**

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 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 the 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 stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salary to fund pension obligations. The employer contribution rate for pension benefits for 2006 was 13.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

**Note 7 – 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 benefit recipients and qualified survivor benefit 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 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 2006 local government

**District Board of Health**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2006

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employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was 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, 2005, include a rate of return on investments of 6.5 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 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 6 percent annually for the next eight years and 4 percent annually after nine years.

All investments are carried at market. 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 369,214. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 8 – Contingencies**

**Grants**

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Pass-through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed-Through Ohio Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	07-1-001-1-CL-06/07	10.557	<u>\$317,646</u>
Total U.S. Department of Agriculture			<u>317,646</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed-Through Ohio Department of Health:</i>			
Family Planning Services	07-1-001-1-XX-05/06	93.217	25,507
Immunization Grants	07-1-001-2-AZ-05/06	93.268	42,050
Centers for Disease Control and Prevention - Investigations and Technical Assistance	07-1-001-2-BI-06/07	93.283	<u>103,781</u>
<i>Total Passed-Through Ohio Department of Health</i>			<u>171,338</u>
<i>Passed-Through the Belmont County Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families	N/A	93.558	<u>36,808</u>
<i>Total Passed-Through the Belmont County Department of Job and Family Services:</i>			<u>36,808</u>
Total U.S. Department of Health and Human Services			<u>208,146</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$525,792</u></u></b>

*The Notes to the Schedule of Federal Awards Expenditures is an integral part of the Schedule.*

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**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.





# Mary Taylor, CPA

## Auditor of State

### 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, 2006, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated September 18, 2007. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Health District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Health District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Health District's management in a separate letter dated September 18, 2007.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the Health 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*.

We did note certain noncompliance or other matters that we reported to the Health District's management in a separate letter dated September 18, 2007.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

September 18, 2007



# Mary Taylor, CPA

## Auditor of State

### 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, 2006. 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 District Board of Health complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006. In a separate letter to the Health District's management dated September 18, 2007, we reported another matter related to federal noncompliance not requiring inclusion in this report.

#### 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 District'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control over compliance.

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

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Health District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Health District's management in a separate letter dated September 18, 2007.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 18, 2007

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 SECTION .315(b)  
DECEMBER 31, 2006**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u> ; <b><i>Explain:</i></b>
2005-001	Reportable condition regarding proper account classification of advances.	No	Partially Corrected; Repeated within the management letter.
2005-002	Reportable condition regarding the documentation of overtime.	No	Partially Corrected; Repeated within the management letter.
2005-003	Federal questioned costs and reportable condition regarding documentation of time charged to more than one grant award.	No	Partially Corrected; Repeated within the management letter.



**Mary Taylor, CPA**  
Auditor of State

**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 8, 2007**