



Mary Taylor, CPA
Auditor of State

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown County District Board of Health, Brown County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 Brown County District Board of Health, Brown County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Food, Public Health Infrastructure, and Wellness/Retirement (only in 2006) Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2008, 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.

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 26, 2008

Brown County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of the Brown County District Board of Health's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2006 and 2005, within the limitations of the Health District's cash basis 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 highlights for 2006 and 2005 are as follows:

In 2006, the Health District's net assets decreased \$1,886 or 1% over 2005. In 2005, the Health District's net assets increased \$24,024 or 9% as compared to 2004.

Program specific receipts in the form of charges for services (which include licenses, permits, and fines), comprise the largest percentage of the Health District's receipts, making up 85% in 2006 and 78% in 2005, of all dollars coming into the Health District. The Health District did not receive any funds from property and other local taxes during the audit period.

Using the Basic Financial Statements

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 Health District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets –Cash Basis and Statement of Activities –Cash Basis provide information about the activities of the whole Health District, presenting both an 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.

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.

Brown County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited
(Continued)

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 and the statement of activities reflect how the Health District did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Health District at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

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 Township'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 nonfinancial 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

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.

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, Food Service, and Public Health Infrastructure Funds in both 2006 and 2005 and the Wellness/Retirement Funds in 2006. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Brown County District Board of Health
 Management's Discussion and Analysis
 For the Year Ended December 31, 2006 and 2005
 Unaudited
 (Continued)

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

	Governmental Activities	
	2006	2005
Assets		
Cash with Fiscal Agents	\$302,484	\$304,370
Total Assets	\$302,484	\$304,370
Net Assets		
Restricted for:		
Restaurant	\$16,205	\$58,916
Public Health Infrastructure	16,440	38,079
Trailer/Camp Park	5,778	6,019
Wellness/Retirement	53,750	0
Other Purposes	19,129	10,175
Unrestricted	191,182	191,181
Total Net Assets	\$302,484	\$304,370

As mentioned previously, net assets decreased only \$1,886 or 1 percent during 2006.

Brown County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited
(Continued)

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005.

Table 2
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts		
Program Cash Receipts		
Charges for Services	\$583,747	\$522,983
Operating Grants and Contributions	100,009	140,208
Total Program Cash Receipts	683,756	663,191
General Receipts		
Miscellaneous	504	3,510
Total General Receipts	504	3,510
Total Receipts	684,260	666,701
Disbursements		
Environmental Health		
General Environmental Health	188,833	193,804
Solid Waste	57,500	57,500
Other Environmental Health	10,445	4,584
Community Health Services		
General Nursing Programs	120,862	81,281
BCMh	11,612	12,720
DEED	1,773	3,000
Health Promotion and Planning		
Public Health Infrastructure	102,231	124,465
Other Health Promotion and Planning	6,083	0
Vital Statistics	57,333	74,605
Administration	129,474	90,716
Total Disbursements	686,146	642,675
Change in Net Assets	(1,886)	24,026
Net Assets Beginning of Year	304,370	280,344
Net Assets End of Year	\$302,484	\$304,370

In 2006 and 2005, basically all revenues were program receipts. Program receipts are primarily comprised of charges for services and license, permits and fines.

The environmental health programs are self-supporting through charges for services, while the community health services were funded through charges for services and operating grants. While not entirely self-supporting, health promotion and planning costs were primarily funded by operating grants which required a local portion of grant costs. Additionally, there are variances between General Nursing Programs and Administration line items from 2005 to 2006, due to the change in reporting.

Brown County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited
(Continued)

Governmental Activities

If you look at the Statement of Activities – Cash Basis on page 12 and 20, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general environmental health and administration, which account for 33 and 54 percent of all governmental disbursements in 2006 and 2005, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers. 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**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Environmental Health				
General Environmental Health	\$188,833	\$212,591	\$193,804	\$139,832
Solid Waste	57,500	2,700	57,500	2,700
Other Environmental Health	10,445	4,856	4,584	2,671
Community Health Services				
General Nursing Program/Immunizations	120,862	(64,450)	81,281	(13,934)
BCMH	11,612	(4,682)	12,720	-
DEED	1,773	(1,523)	3,000	-
Health Promotion and Planning				
Public Health Infrastructure	102,231	(21,639)	124,465	3,237
Other Health Promotion and Planning	6,083	(200)	-	-
Vital Statistics	57,333	(569)	74,605	(23,274)
Administration	129,474	(129,474)	90,716	(90,716)
Totals	\$686,146	(\$2,390)	\$642,675	\$20,516

The environmental health programs are self-supporting through charges for services, while the community health services were funded through charges for services and operating grants in roughly equal amounts. While not entirely self-supporting, health promotion and planning costs were primarily funded by operating grants which required a local portion of grant costs.

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.

The Health District's governmental funds reported total ending fund balances of \$302,484 in 2006 and \$304,370 in 2005. \$279,499 and \$279,834 of the total is unreserved fund balance in 2006 and 2005, respectively, which is available for spending. The remainder of fund balance is reserved to indicate it is not available for new spending.

Brown County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited
(Continued)

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.

The general fund is the chief operating fund of the Health District. Unreserved fund balance in the general fund was \$169,060 and \$175,759 at year end 2006 and 2005, respectively. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 35% and 41% in 2006 and 2005, respectively, of the total general fund expenditures.

Revenues exceeded expenditures in the general fund by \$20,001 in 2006 and \$14,751 in 2005. License and permit fees account for 56% and 52% of revenues in the general fund in 2006 and 2005, respectively. Environmental health and administration account for the majority of expenditures in the general fund during 2006 and 2005, respectively.

The Restaurant fund reported a decrease in fund balance of \$42,711 in 2006. This was a result of a \$43,000 transfer used to create the Wellness/Retirement and Public Health Contingency funds. An increase in fund balance of \$1,198 was reported in 2005.

The Public Health Infrastructure fund reported a decrease in fund balance of \$21,369 in 2006. This was a result of money being received in prior periods, however, not being spent until the current period. An increase in fund balance of \$3,237 was reported in 2005.

The Wellness/Retirement fund was created in 2006 with transfers from several funds. This resulted in a \$53,750 fund balance at year end 2006.

General Fund Budgeting Highlights

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

During 2006 and 2005, the Health District amended its General Fund budget a few times to reflect changing circumstances. There was no change between final and original budgeted receipts in 2005 and 2006. The actual receipts exceeded final budgeted by \$21,689 or 4% in 2006 and final budgeted receipts exceeded actual receipts by \$27,551 or 6% in 2005.

In 2006, final appropriations were budgeted at \$674,822, while actual disbursements were \$499,210. In 2005, final appropriations were budgeted at \$530,074, while actual disbursements were \$441,870. The District was able to keep spending below budgeted amounts as demonstrated by the reported variances, however, receipts were less than disbursements resulting in a fund balance decrease in 2006 and 2005 of \$2,121 and \$671, respectively.

Capital Assets and Debt Administration

Capital Assets

The Health District does not report capital assets under the cash basis of accounting.

Debt

The Health District has no debt.

Brown County District Board of Health
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited
(Continued)

Contacting the Government'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 monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Danette York, Administrator, Brown County District Board of Health, 826 Mt. Orab Pike, Georgetown, Ohio 45121.

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Brown County District Board of Health
Brown County
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash with Fiscal Agents	<u>\$302,484</u>
<i>Total Assets</i>	<u><u>\$302,484</u></u>
Net Assets	
Restricted for:	
Restaurant	\$16,205
Public Health Infrastructure	16,440
Wellness/Retirement	53,750
Trailer/Camp Park	5,778
Other Purposes	19,129
Unrestricted	<u>191,182</u>
<i>Total Net Assets</i>	<u><u>\$302,484</u></u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Environmental Health				
General Environmental Health	\$188,833	\$401,424	\$0	\$212,591
Solid Waste	57,500	60,200	0	2,700
Other Environmental Health (C&DD)	10,445	15,301	0	4,856
Community Health Services				
General Nursing Programs	120,862	42,878	13,534	(64,450)
BCMh	11,612	6,930	0	(4,682)
DEED	1,773	250	0	(1,523)
Health Promotion and Planning				
Public Health Infrastructure	102,231	0	80,592	(21,639)
Other Health Promotion and Planning	6,083	0	5,883	(200)
Vital Statistics	57,333	56,764	0	(569)
Administration	129,474	0	0	(129,474)
<i>Total Governmental Activities</i>	<u>\$686,146</u>	<u>\$583,747</u>	<u>\$100,009</u>	<u>(2,390)</u>
General Receipts				
				504
				<u>504</u>
				(1,886)
				<u>304,370</u>
				<u>\$302,484</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Restaurant</u>	<u>Public Health Infrastructure</u>	<u>Wellness/ Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash with Fiscal Agents	\$191,182	\$16,205	\$16,440	\$53,750	\$24,907	\$302,484
<i>Total Assets</i>	<u>\$191,182</u>	<u>\$16,205</u>	<u>\$16,440</u>	<u>\$53,750</u>	<u>\$24,907</u>	<u>\$302,484</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$22,012	\$44	\$736	\$0	\$83	\$22,875
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	169,170	0	0	0	0	169,170
Special Revenue Funds	0	16,161	15,704	53,750	24,824	110,439
<i>Total Fund Balances</i>	<u>\$191,182</u>	<u>\$16,205</u>	<u>\$16,440</u>	<u>\$53,750</u>	<u>\$24,907</u>	<u>\$302,484</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Restaurant	Public Health Infrastructure	Wellness/ Retirement	Other Governmental Funds	Total Governmental Funds
Receipts						
Intergovernmental	\$19,417	\$0	\$80,592	\$0	\$0	\$100,009
Fines, Licenses and Permits	280,853	79,514	0	0	24,511	384,878
Charges for Services	196,315	2,291	0	0	263	198,869
Miscellaneous	504	0	0	0	0	504
<i>Total Receipts</i>	<u>497,089</u>	<u>81,805</u>	<u>80,592</u>	<u>0</u>	<u>24,774</u>	<u>684,260</u>
Disbursements						
Current:						
Environmental Health						
General Environmental Health	93,408	70,114	0	0	25,311	188,833
Solid Waste	57,500	0	0	0	0	57,500
Other Environmental Health (C&DD)	10,445	0	0	0	0	10,445
Community Health Services						
General Nursing Programs	54,486	0	0	0	0	54,486
Immunizations	66,376	0	0	0	0	66,376
BCMh	11,612	0	0	0	0	11,612
DEED	1,773	0	0	0	0	1,773
Health Promotion and Planning						
Public Health Infrastructure	0	0	102,231	0	0	102,231
Other Health Promotion and Planning	6,083	0	0	0	0	6,083
Vital Statistics	57,333	0	0	0	0	57,333
Administration	72,900	11,402	0	0	0	84,302
District Board of Health	45,172	0	0	0	0	45,172
<i>Total Disbursements</i>	<u>477,088</u>	<u>81,516</u>	<u>102,231</u>	<u>0</u>	<u>25,311</u>	<u>686,146</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,001</u>	<u>289</u>	<u>(21,639)</u>	<u>0</u>	<u>(537)</u>	<u>(1,886)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	53,750	13,750	67,500
Transfers Out	(20,000)	(43,000)	0	0	(4,500)	(67,500)
Advances In	40,000	0	40,000	0	0	80,000
Advances Out	(40,000)	0	(40,000)	0	0	(80,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(43,000)</u>	<u>0</u>	<u>53,750</u>	<u>9,250</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1	(42,711)	(21,639)	53,750	8,713	(1,886)
<i>Fund Balances Beginning of Year</i>	<u>191,181</u>	<u>58,916</u>	<u>38,079</u>	<u>0</u>	<u>16,194</u>	<u>304,370</u>
<i>Fund Balances End of Year</i>	<u>\$191,182</u>	<u>\$16,205</u>	<u>\$16,440</u>	<u>\$53,750</u>	<u>\$24,907</u>	<u>\$302,484</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$18,570	\$18,570	\$19,417	\$847
Fines, Licenses and Permits	268,599	268,599	280,853	12,254
Charges for Services	187,749	187,749	196,315	8,566
Gifts and Contributions	0	0	0	0
Miscellaneous	482	482	504	22
<i>Total Receipts</i>	<u>475,400</u>	<u>475,400</u>	<u>497,089</u>	<u>21,689</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	79,673	106,295	93,408	12,887
Solid Waste	58,273	77,744	57,500	20,244
Other Environmental Health (C&DD)	10,585	14,122	10,445	3,677
Community Health Services				
General Nursing Programs	55,219	73,669	54,486	19,183
Immunizations	67,269	89,746	66,376	23,370
BCMH	11,768	15,700	11,612	4,088
DEED	1,797	2,397	1,773	624
Health Promotion and Planning				
Health Promotion and Planning	0	0	0	0
Public Health Infrastructure	0	0	0	0
Other Health Promotion and Planning	6,165	8,225	6,083	2,142
Vital Statistics	58,104	77,519	57,333	20,186
Administration	96,188	128,328	94,912	33,416
District Board of Health	45,780	61,077	45,172	15,905
<i>Total Disbursements</i>	<u>490,822</u>	<u>654,822</u>	<u>499,100</u>	<u>155,722</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,422)</u>	<u>(179,422)</u>	<u>(2,011)</u>	<u>177,411</u>
Other Financing Sources (Uses)				
Transfers Out	0	(20,000)	(20,000)	0
Advances In	0	0	40,000	40,000
Advances Out	0	0	(40,000)	(40,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(15,422)	(199,422)	(22,011)	177,411
<i>Fund Balances Beginning of Year</i>	175,759	175,759	175,759	0
Prior Year Encumbrances Appropriated	15,422	15,422	15,422	0
<i>Fund Balances End of Year</i>	<u>\$175,759</u>	<u>(\$8,241)</u>	<u>\$169,170</u>	<u>\$177,411</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Food Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses, and Permits	\$75,816	\$75,816	\$79,514	\$3,698
Charges for Services	2,184	2,184	2,291	107
<i>Total Receipts</i>	<u>78,000</u>	<u>78,000</u>	<u>81,805</u>	<u>3,805</u>
Disbursements				
Current:				
Environmental				
General Environmental Health	62,038	72,363	70,158	2,205
Administration	16,074	18,749	11,402	7,347
<i>Total Disbursements</i>	<u>78,112</u>	<u>91,112</u>	<u>81,560</u>	<u>9,552</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(112)</u>	<u>(13,112)</u>	<u>245</u>	<u>13,357</u>
Other Financing Sources (Uses)				
Transfers Out	0	(43,000)	(43,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(43,000)</u>	<u>(43,000)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(112)	(56,112)	(42,755)	13,357
<i>Fund Balances Beginning of Year</i>	58,804	58,804	58,804	0
Prior Year Encumbrances Appropriated	112	112	112	0
<i>Fund Balances End of Year</i>	<u>\$58,804</u>	<u>\$2,804</u>	<u>\$16,161</u>	<u>\$13,357</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Public Health Infrastructure
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$86,700	\$101,700	\$80,592	(\$21,108)
<i>Total Receipts</i>	<u>86,700</u>	<u>101,700</u>	<u>80,592</u>	<u>(21,108)</u>
Disbursements				
Current:				
Health Planning and Promotion				
Public Health Infrastructure	95,617	118,617	102,967	15,650
<i>Total Disbursements</i>	<u>95,617</u>	<u>118,617</u>	<u>102,967</u>	<u>15,650</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,917)</u>	<u>(16,917)</u>	<u>(22,375)</u>	<u>(5,458)</u>
Other Financing Sources (Uses)				
Advances In	0	0	40,000	40,000
Advances Out	0	0	(40,000)	(40,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(8,917)	(16,917)	(22,375)	(5,458)
<i>Fund Balances Beginning of Year</i>	29,162	29,162	29,162	0
Prior Year Encumbrances Appropriated	8,917	8,917	8,917	0
<i>Fund Balances End of Year</i>	<u>\$29,162</u>	<u>\$21,162</u>	<u>\$15,704</u>	<u>(\$5,458)</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Wellness/Retirement
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers In	\$0	\$53,750	\$53,750	\$0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>53,750</u>	<u>53,750</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>0</u>	<u>53,750</u>	<u>53,750</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$0</u></u>	<u><u>\$53,750</u></u>	<u><u>\$53,750</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Cash with Fiscal Agents	<u>\$304,370</u>
<i>Total Assets</i>	<u><u>\$304,370</u></u>
Net Assets	
Restricted for:	
Restaurant	\$58,916
Public Health Infrastructure	38,079
Trailer/Camp Park	6,019
Other Purposes	10,175
Unrestricted	<u>191,181</u>
<i>Total Net Assets</i>	<u><u>\$304,370</u></u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Environmental Health				
General Environmental Health	\$193,804	\$333,636	\$0	\$139,832
Solid Waste	57,500	60,200	0	2,700
C&DD	4,584	7,255	0	2,671
Community Health Services				
General Nursing Programs	81,281	54,841	12,506	(13,934)
BCMh	12,720	12,720	0	0
Deed	3,000	3,000	0	0
Health Promotion and Planning				
Public Health Infrastructure	124,465	0	127,702	3,237
Vital Statistics	74,605	51,331	0	(23,274)
Administration	90,716	0	0	(90,716)
<i>Total Governmental Activities</i>	<u>\$642,675</u>	<u>\$522,983</u>	<u>\$140,208</u>	<u>20,516</u>
General Receipts				
				3,510
				<u>3,510</u>
				24,026
				<u>280,344</u>
				<u><u>\$304,370</u></u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Restaurant</u>	<u>Public Health Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash with Fiscal Agents	\$191,181	\$58,916	\$38,079	\$16,194	\$304,370
<i>Total Assets</i>	<u>\$191,181</u>	<u>\$58,916</u>	<u>\$38,079</u>	<u>\$16,194</u>	<u>\$304,370</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$15,422	\$112	\$8,917	\$85	\$24,536
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	175,759	0	0	0	175,759
Special Revenue Funds	0	58,804	29,162	16,109	104,075
<i>Total Fund Balances</i>	<u>\$191,181</u>	<u>\$58,916</u>	<u>\$38,079</u>	<u>\$16,194</u>	<u>\$304,370</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Food	Public Health Infrastructure	Other Governmental Funds	Total Governmental Funds
Receipts					
Intergovernmental	\$12,506	\$0	\$127,702	\$0	\$140,208
Fines, Licenses and Permits	229,934	76,540	0	21,260	327,734
Charges for Services	195,249	0	0	0	195,249
Miscellaneous	3,510	0	0	0	3,510
<i>Total Receipts</i>	<u>441,199</u>	<u>76,540</u>	<u>127,702</u>	<u>21,260</u>	<u>666,701</u>
Disbursements					
Current:					
Environmental Health					
General Environmental Health	102,042	75,342	0	16,420	193,804
Solid Waste	57,500	0	0	0	57,500
C&DD	4,584	0	0	0	4,584
Community Health Services					
General Nursing Programs	81,281	0	0	0	81,281
BCMh	12,720	0	0	0	12,720
DEED	3,000	0	0	0	3,000
Health Promotion and Planning					
Public Health Infrastructure	0	0	124,465	0	124,465
Vital Statistics	74,605	0	0	0	74,605
Administration	90,716	0	0	0	90,716
<i>Total Disbursements</i>	<u>426,448</u>	<u>75,342</u>	<u>124,465</u>	<u>16,420</u>	<u>642,675</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,751</u>	<u>1,198</u>	<u>3,237</u>	<u>4,840</u>	<u>24,026</u>
Other Financing Sources (Uses)					
Advances In	17,790	0	17,790	0	35,580
Advances Out	(17,790)	0	(17,790)	0	(35,580)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	14,751	1,198	3,237	4,840	24,026
<i>Fund Balances Beginning of Year</i>	<u>176,430</u>	<u>57,718</u>	<u>34,842</u>	<u>11,354</u>	<u>280,344</u>
<i>Fund Balances End of Year</i>	<u><u>\$191,181</u></u>	<u><u>\$58,916</u></u>	<u><u>\$38,079</u></u>	<u><u>\$16,194</u></u>	<u><u>\$304,370</u></u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$13,287	\$13,287	\$12,506	(\$781)
Fines, Licenses and Permits	244,292	244,292	229,934	(14,358)
Charges for Services	207,441	207,441	195,249	(12,192)
Miscellaneous	3,730	3,730	3,510	(220)
<i>Total Receipts</i>	<u>468,750</u>	<u>468,750</u>	<u>441,199</u>	<u>(27,551)</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	109,017	122,411	102,042	20,369
Solid Waste	61,430	68,978	57,500	11,478
Other Environmental Health (C&DD)	4,897	5,499	4,584	915
Community Health Services				
General Nursing Programs	86,837	97,506	81,281	16,225
BCMh	13,589	15,259	12,720	2,539
DEED	3,205	3,599	3,000	599
Vital Statistics	79,705	89,497	74,605	14,892
Administration	113,393	127,325	106,138	21,187
<i>Total Disbursements</i>	<u>472,074</u>	<u>530,074</u>	<u>441,870</u>	<u>88,204</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,324)</u>	<u>(61,324)</u>	<u>(671)</u>	<u>60,653</u>
Other Financing Sources (Uses)				
Advances In	0	0	17,790	17,790
Advances Out	0	0	(17,790)	(17,790)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(3,324)	(61,324)	(671)	60,653
<i>Fund Balances Beginning of Year</i>	169,540	169,540	169,540	0
Prior Year Encumbrances Appropriated	6,890	6,890	6,890	0
<i>Fund Balances End of Year</i>	<u>\$173,106</u>	<u>\$115,106</u>	<u>\$175,759</u>	<u>\$60,653</u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Food Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Fines, Licenses, and Permits	<u>\$80,500</u>	<u>\$80,500</u>	<u>\$76,540</u>	<u>(\$3,960)</u>
<i>Total Receipts</i>	<u>80,500</u>	<u>80,500</u>	<u>76,540</u>	<u>(3,960)</u>
Disbursements				
Current:				
Environmental				
General Environmental Health	<u>75,100</u>	<u>81,100</u>	<u>75,454</u>	<u>5,646</u>
<i>Total Disbursements</i>	<u>75,100</u>	<u>81,100</u>	<u>75,454</u>	<u>5,646</u>
<i>Net Change in Fund Balances</i>	5,400	(600)	1,086	1,686
<i>Fund Balances Beginning of Year</i>	57,618	57,618	57,618	0
Prior Year Encumbrances Appropriated	<u>100</u>	<u>100</u>	<u>100</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$63,118</u></u>	<u><u>\$57,118</u></u>	<u><u>\$58,804</u></u>	<u><u>\$1,686</u></u>

See accompanying notes to the basic financial statements

Brown County District Board of Health
Brown County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Public Health Infrastructure
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$130,000	\$127,702	(\$2,298)
<i>Total Receipts</i>	<u>0</u>	<u>130,000</u>	<u>127,702</u>	<u>(2,298)</u>
Disbursements				
Current:				
Public Health Infrastructure	83,350	202,800	133,382	69,418
<i>Total Disbursements</i>	<u>83,350</u>	<u>202,800</u>	<u>133,382</u>	<u>69,418</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(83,350)</u>	<u>(72,800)</u>	<u>(5,680)</u>	<u>67,120</u>
Other Financing Sources (Uses)				
Advances In	0	0	17,790	17,790
Advances Out	0	0	(17,790)	(17,790)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(83,350)	(72,800)	(5,680)	67,120
<i>Fund Balances Beginning of Year</i>	32,951	32,951	32,951	0
Prior Year Encumbrances Appropriated	<u>1,891</u>	<u>1,891</u>	<u>1,891</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>(\$48,508)</u>	<u>(\$37,958)</u>	<u>\$29,162</u>	<u>\$67,120</u>

See accompanying notes to the basic financial statements

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Note 1 – Reporting Entity

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

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 *modified* 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 Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Health District has no business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the Health District at year end. The statement of activities compares disbursements with program receipts for each 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 program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support 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 function is self-financing on a cash basis or draws from the Health District's general receipts.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Health District are all classified as governmental.

Governmental Funds

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

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.

Restaurant Fund - Accounts for all funds received and disbursed for the food service program

Public Health Infrastructure Fund - Accounts for all grant funds received from the Ohio Department of Health and disbursed for the planning and preparation of response to emergencies in Brown County and for building the Health District's infrastructure.

Wellness/Retirement Fund (2006 only) - Accounts for funds to be disbursed for employees who leave the Health District. Funds are intended to be used for those that require lump sum payments of leave time accrued following resignation, retirement, or discharge. They are also intended to use for any employee compensation required by unemployment benefits.

The other governmental funds accounts for funds received and disbursed for the parks, marinas, private water, and pools/spa programs.

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. Any such modifications made by the Health District's are described in the appropriate section in this note.

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

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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 amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health 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 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 on the certificate of estimated resources in effect 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 of Health.

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

E. Cash and Investments

The County Treasurer is the 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 are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from Doug Green, County Auditor, 800 Mt. Orab Pike, Georgetown, Ohio 45121 or (937)378-6398.

F. 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.

G. 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.

Note 2 – Summary of Significant Accounting Policies (continued)

H. 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.

I. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. The Health District has no loans and lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include the programs and/or funds of marinas, parks, private water, food service, pools/spa, and public health infrastructure.

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.

L. Fund Balance Reserves

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

M. 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.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2004, the Health District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2006 and 2005 year the Health District has implemented the cash basis of accounting described in Note 2C. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Brown County District Board of Health
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005
(Continued)

Note 4 – Budgetary Basis of Accounting

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

<u>Year</u>	<u>Fund</u>	<u>Amount</u>
2006	General Fund	\$ 22,012
2006	Food Fund	44
2006	Public Health Infrastructure Fund	736
2006	Other Governmental Funds	83
	Total 2006	<u>\$ 22,875</u>
2005	General Fund	\$ 15,422
2005	Food Fund	112
2005	Public Health Infrastructure Fund	8,917
2005	Other Governmental Funds	85
	Total 2005	<u>\$ 24,536</u>

Note 5 – Risk Management

The Health District falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The Health District pays their portion of the insurance to the Brown County Commissioners.

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 retirement system 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) 222-6705 or (800) 222-7377.

For the years ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9 and 8.5 percent of their annual covered salaries, respectively. The Health District's contribution rate for pension benefits for 2006 and 2005 was 9.2 and 9.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

Brown County District Board of Health
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005
(Continued)

Note 6 – Defined Benefit Pension Plan (continued)

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005, were \$44,447 and \$32,946, respectively. The full amount has been contributed for 2005; 96 percent has been contributed for 2006.

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 recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system 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 and 2005 local government employer contribution rate was 13.7 and 13.55 percent of covered payroll, respectively; 4.50 and 4.00 percent of covered payroll was the portion that was used to fund health care during 2006 and 2005, respectively.

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 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$14,861 and \$10,770, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$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, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. 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 - Compliance

Contrary to Ohio Rev. Code Section 3705.28 appropriations exceeded the total resources in two funds.



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*

Brown County District Board of Health
Brown County
826 Mt. Orab Pike
Georgetown, Ohio 45121

To the District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brown County District Board of Health, Brown County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 26, 2008, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 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 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 District's management in a separate letter dated March 26, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 26, 2008.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and District Board. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 26, 2008

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Material Noncompliance

Ohio Rev. Code, Section 3709.28, prohibits appropriations in excess of estimated resources. This section further provides that no appropriation measure is to become effective until it is certified to the county auditor and then submitted to the county budget commission that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The District appropriated in excess of estimated resources in the following funds:

<u>Year</u>	<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
2006	General	\$ 651,159	\$ 659,400	\$ (8,241)
2005	Public Health Infrastructure	162,951	200,909	(37,958)

This resulted from the District not appropriately monitoring budgetary status and could result in overspending of District Funds. We recommend the District monitor appropriations as compared to estimated resources.

Officials' Response:

Pursuant to ORC 3709.28, the Health Department submits its itemized estimated revenue and request for appropriations to the county Auditor who serves as the department's fiscal agent. Throughout the year, appropriation change requests are also submitted to the Auditor who makes the changes as appropriate. As the fiscal agent, we rely on the Auditor's office to maintain accurate records and figures pertaining to our amended certificates.

The Board of Health recognizes the importance of reviewing all amended certificate amounts for accuracy. Therefore, the Health Department staff will follow your recommendation to monitor appropriations as compared to estimated resources in order to avoid noncompliance incidents in the future.



Mary Taylor, CPA
Auditor of State

BROWN COUNTY DISTRICT BOARD OF HEALTH

BROWN 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
APRIL 10, 2008**