



Mary Taylor, CPA
Auditor of State

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Washington County
342 Muskingum Drive
Marietta, Ohio 45750

To the Board of Health:

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, Washington 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, Washington County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Public Health Nursing, Cardiovascular Health, Public Health Infrastructure, Dental Clinic, Dental Sealant and Sewage 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 August 29, 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.

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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 federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule 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 a 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

August 29, 2007

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

The discussion and analysis of the District Board of Health's (the Health District) 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 the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2006 are as follows:

- Net assets decreased \$14,329. Although we are concerned with any decline, this amount is small compared to the net assets balance at year end of \$166,661.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 81 percent of all the dollars coming into the Health District. General receipts in the form of unrestricted grants make up the other 19 percent.
- The Health District took over operations of the Southeast Ohio Dental Clinic in October 2006. They received a grant of approximately \$75,000 to operate this clinic.

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 District Board of Health 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.

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

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, 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 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 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

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 Fund, Public Health Nursing, Cardiovascular Health, Public Health Infrastructure, Dental Clinic, Dental Sealant, and Sewage Funds. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

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

	<u>Governmental Activities</u>		
	<u>2006</u>	<u>2005</u>	<u>Change</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$166,661	\$180,990	(\$14,329)
 Total Assets	 <u>\$166,661</u>	 <u>\$180,990</u>	 <u>(\$14,329)</u>
 Net Assets			
Restricted	\$142,403	\$128,527	\$13,876
Unrestricted	<u>24,258</u>	<u>52,463</u>	<u>(28,205)</u>
 Total Net Assets	 <u>\$166,661</u>	 <u>\$180,990</u>	 <u>(\$14,329)</u>

As mentioned previously, net assets decreased \$14,329. The decrease is due to a combination of steadily increasing employment and travel costs that have not been offset by increased revenue during 2006.

Table 2 reflects the change in net assets in 2006 and provides a comparison to prior year amounts.

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

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2006	2005	Change
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$360,061	\$299,536	\$60,525
Operating Grants and Contributions	652,351	665,254	(12,903)
Total Program Receipts	<u>1,012,412</u>	<u>964,790</u>	<u>47,622</u>
General Receipts:			
Property and Other Local Taxes		200,000	(200,000)
Grants and Entitlements Not Restricted to Specific Programs	222,672	12,444	210,228
Reimbursement from PHI		23,216	(23,216)
Miscellaneous	17,932	352	17,580
Total General Receipts	<u>240,604</u>	<u>236,012</u>	<u>4,592</u>
Total Receipts	<u>1,253,016</u>	<u>1,200,802</u>	<u>52,214</u>
Disbursements:			
Environmental	158,689	125,371	33,318
Nursing	226,049	176,512	49,537
Vital Statistics	25,846	19,329	6,517
Commercial Plumbing	52,236	36,779	15,457
Cardiovascular Health	207,891	190,600	17,291
Preparedness	283,564	384,550	(100,986)
Dental Sealant	41,420	31,876	9,544
Administration	181,927	240,989	(59,062)
Dental Clinic	89,723		89,723
Other Unspecified		13,996	(13,996)
Total Disbursements	<u>1,267,345</u>	<u>1,220,002</u>	<u>47,343</u>
Increase (Decrease) in Net Assets	(14,329)	(19,200)	4,871
Net Assets, January 1	180,990	200,190	(19,200)
Net Assets, December 31	<u>\$166,661</u>	<u>\$180,990</u>	<u>(\$14,329)</u>

In 2006, 19 percent of the Health District's total receipts were from general receipts, consisting mainly of grants and entitlements. Program receipts accounted for 81 percent of the Health District's total receipts in year 2006. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants.

The 2006 disbursements increased in part due to the Dental Clinic, which the Health District did not have in 2005.

Governmental Activities

If you look at the Statement of Activities – Cash Basis, 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 preparedness (Public Health Infrastructure) and Nursing, which account for 22 percent and 18 percent of all governmental disbursements, respectively.

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

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 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 for both the current and prior years 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	\$ 158,689	\$ 1,197	\$ 125,371	\$ 12,362
Nursing	226,049	51,329	176,512	(10,130)
Vital Statistics	25,846	4,572	19,329	59
Commercial Plumbing	52,236	4,799	36,779	(11,021)
Cardiovascular Health	207,891	(7,509)	190,600	(11,004)
Preparedness	283,564	45,886	384,550	27,266
Dental Sealant	41,420	(6,767)	31,876	(4,242)
Administration	181,927	181,927	240,989	240,989
Dental Clinic	89,723	(20,501)		
Other Unspecified			13,996	10,933
Totals	\$ 1,267,345	\$ 254,933	\$ 1,220,002	\$ 255,212

The Health District has tried to limit its dependence upon local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 19 percent of the Health District costs are supported through unrestricted grants and other general receipts.

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.

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.

At the end of 2006, the Health District's governmental funds reported total ending fund balances of \$166,661. \$144,258 of the total is unreserved fund balance, which is available for spending. The remainder of fund balance is reserved to indicate it is not available for new spending.

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

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. At the end of 2006, unreserved fund balance in the General Fund was \$20,397. 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 6 percent of the total General Fund expenditures.

Expenditures exceeded revenues in the General Fund by \$28,205 in 2006. License and permit fees account for 16 percent of revenues in the General Fund. Intergovernmental revenues consist of payments from the townships, villages and cities in the Health District. Administration accounts for the majority of expenditures in the General Fund.

The Public Health Infrastructure Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the Health District Emergency Operation Plan, and all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with the involvement of key partners in the Health District as well as regional partners. At the end of 2006 the fund balance was \$113.

General Fund 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 revenue and appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There was a change of \$22,871 between the original and the final estimated receipts. There was a change of \$66,235 between the original and final appropriations.

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 Jeannie Farnsworth, Administrative Assistant, 342 Muskingum Drive, Marietta, OH 45750.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 166,661
<i>Total Assets</i>	\$ 166,661
 Net Assets	
Restricted for:	
Other Purposes	\$ 142,403
Unrestricted	24,258
<i>Total Net Assets</i>	\$ 166,661

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
WASHINGTON 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	\$ 158,689	\$ 157,492	\$	\$ (1,197)
Nursing	226,049	117,549	57,171	(51,329)
Vital Statistics	25,846	21,274		(4,572)
Commercial Plumbing	52,236	47,437		(4,799)
Cardiovascular Health	207,891	2,400	213,000	7,509
Preparedness	283,564	4,803	232,875	(45,886)
Dental Sealant	41,420		48,187	6,767
Administration	181,927			(181,927)
Dental Clinic	89,723		101,118	20,501
<i>Total Governmental Activities</i>	<u>\$ 1,267,345</u>	<u>\$ 360,061</u>	<u>\$ 652,351</u>	<u>(254,933)</u>
General Receipts				
				222,672
				17,932
				<u>240,604</u>
				Change in Net Assets (14,329)
				<i>Net Assets Beginning of Year</i> 180,990
				<u><u>\$ 166,661</u></u>

See accompanying notes to the basic financial statements

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**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Public Health Nursing</u>	<u>Cardiovascular Health</u>	<u>Public Health Infrastructure</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 24,258	\$ 36,716	\$ 6,926	\$ 113
<i>Total Assets</i>	<u>\$ 24,258</u>	<u>\$ 36,716</u>	<u>\$ 6,926</u>	<u>\$ 113</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 3,861	\$ 2,891	\$ 1,964	\$
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	20,397			
Special Revenue Funds		33,825	4,962	113
<i>Total Fund Balances</i>	<u>\$ 24,258</u>	<u>\$ 36,716</u>	<u>\$ 6,926</u>	<u>\$ 113</u>

See accompanying notes to the basic financial statements

<u>Dental Clinic</u>	<u>Dental Sealant</u>	<u>Sewage</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 19,415	\$ 16,795	\$ 34,409	\$ 28,029	\$ 166,661
<u>\$ 19,415</u>	<u>\$ 16,795</u>	<u>\$ 34,409</u>	<u>\$ 28,029</u>	<u>\$ 166,661</u>
\$ 4,328	\$ 1,058	\$	\$ 8,301	\$ 22,403
15,087	15,737	34,409	19,728	20,397
<u>\$ 19,415</u>	<u>\$ 16,795</u>	<u>\$ 34,409</u>	<u>\$ 28,029</u>	<u>\$ 166,661</u>

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Public Health Nursing	Cardiovascular Health	Public Health Infrastructure
Cash Receipts				
Intergovernmental	\$ 222,672	\$ 56,966	\$ 198,000	\$ 169,447
Fines, Licenses and Permits	50,407			
Charges for Services	27,312	117,569		
Miscellaneous	20,270	296		
<i>Total Cash Receipts</i>	<u>320,661</u>	<u>174,831</u>	<u>198,000</u>	<u>169,447</u>
Cash Disbursements				
Current:				
Environmental	58,858			40
Nursing	60,898	159,788	16	3,691
Vital Statistics	25,839	7		
Commercial Plumbing	52,236			
Cardiovascular Health	210	41	207,640	
Preparedness	14,218			207,971
Dental Sealant	588			
Administration	136,018	23,341	639	629
Dental Clinic	1			
<i>Total Cash Disbursements</i>	<u>348,866</u>	<u>183,177</u>	<u>208,295</u>	<u>212,331</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(28,205)</u>	<u>(8,346)</u>	<u>(10,295)</u>	<u>(42,884)</u>
Other Financing Sources (Uses)				
Advances In	7,932			7,932
Advances Out	(7,932)			(7,932)
<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>	(28,205)	(8,346)	(10,295)	(42,884)
<i>Fund Balances Beginning of Year</i>	<u>52,463</u>	<u>45,062</u>	<u>17,221</u>	<u>42,997</u>
<i>Fund Balances End of Year</i>	<u>\$ 24,258</u>	<u>\$ 36,716</u>	<u>\$ 6,926</u>	<u>\$ 113</u>

See accompanying notes to the basic financial statements

Dental Clinic	Dental Sealant	Sewage	Other Governmental Funds	Total Governmental Funds
\$ 74,535	\$ 48,187		\$ 78,428	\$ 848,235
		\$ 72,283	63,510	186,200
9,106		13,050	3,431	170,468
26,583			964	48,113
<u>110,224</u>	<u>48,187</u>	<u>85,333</u>	<u>146,333</u>	<u>1,253,016</u>
		47,946	51,846	158,690
			1,655	226,048
				25,846
				52,236
				207,891
			61,374	283,563
	40,832			41,420
1,086	6	2,978	17,230	181,927
89,723				89,724
<u>90,809</u>	<u>40,838</u>	<u>50,924</u>	<u>132,105</u>	<u>1,267,345</u>
<u>19,415</u>	<u>7,349</u>	<u>34,409</u>	<u>14,228</u>	<u>(14,329)</u>
				15,864
				(15,864)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
19,415	7,349	34,409	14,228	(14,329)
<u>0</u>	<u>9,446</u>	<u>0</u>	<u>13,801</u>	<u>180,990</u>
<u>\$ 19,415</u>	<u>\$ 16,795</u>	<u>\$ 34,409</u>	<u>\$ 28,029</u>	<u>\$ 166,661</u>

**DISTRICT BOARD OF HEALTH
WASHINGTON 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	\$ 222,000	\$ 222,000	\$ 222,672	\$ 672
Fines, Licenses and Permits	57,230	48,235	50,407	2,172
Charges for Services	2,230	25,191	27,312	2,121
Miscellaneous	2,000	10,905	20,270	9,365
<i>Total Receipts</i>	<u>283,460</u>	<u>306,331</u>	<u>320,661</u>	<u>14,330</u>
Disbursements				
Current:				
Environmental			59,254	(59,254)
Nursing			60,898	(60,898)
Vital Statistics			27,694	(27,694)
Commercial Plumbing			52,716	(52,716)
Cardiovascular Health			890	(890)
Preparedness			14,218	(14,218)
Dental Sealant			589	(589)
Administration	299,230	365,465	136,467	228,998
Dental Clinic			1	(1)
<i>Total Disbursements</i>	<u>299,230</u>	<u>365,465</u>	<u>352,727</u>	<u>12,738</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,770)</u>	<u>(59,134)</u>	<u>(32,066)</u>	<u>27,068</u>
Other Financing Sources (Uses)				
Advances In			7,932	7,932
Advances Out			(7,932)	(7,932)
<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>	<u>(15,770)</u>	<u>(59,134)</u>	<u>(32,066)</u>	<u>27,068</u>
Prior Year Encumbrances Appropriated	3,870	3,870	3,870	0
<i>Fund Balances Beginning of Year (Restated - See Note 3)</i>	<u>48,593</u>	<u>48,593</u>	<u>48,593</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 36,693</u>	<u>\$ (6,671)</u>	<u>\$ 20,397</u>	<u>\$ 27,068</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH NURSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$	\$	\$ 56,966	\$ 56,966
Charges for Services	185,000	81,500	117,569	36,069
Miscellaneous		84,200	296	(83,904)
<i>Total Receipts</i>	<u>185,000</u>	<u>165,700</u>	<u>174,831</u>	<u>9,131</u>
Disbursements				
Current:				
Nursing	184,425	189,459	162,679	26,780
Vital Statistics			7	(7)
Cardiovascular Health Administration			41	(41)
			<u>23,341</u>	<u>(23,341)</u>
<i>Total Disbursements</i>	<u>184,425</u>	<u>189,459</u>	<u>186,068</u>	<u>3,391</u>
<i>Net Change in Fund Balances</i>	575	(23,759)	(11,237)	12,522
Prior Year Encumbrances Appropriated	5,288	5,288	5,288	0
<i>Fund Balances Beginning of Year</i>	<u>39,774</u>	<u>39,774</u>	<u>39,774</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 45,637</u>	<u>\$ 21,303</u>	<u>\$ 33,825</u>	<u>\$ 12,522</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CARDIOVASCULAR HEALTH FUND
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>		
Receipts				
Intergovernmental	\$ 198,000	\$ 198,000	\$ 198,000	\$ 0
<i>Total Receipts</i>	<u>198,000</u>	<u>198,000</u>	<u>198,000</u>	<u>0</u>
Disbursements				
Current:				
Nursing			17	(17)
Cardiovascular Health	14,442	14,442	209,604	(195,162)
Administration			638	(638)
<i>Total Disbursements</i>	<u>14,442</u>	<u>14,442</u>	<u>210,259</u>	<u>(195,817)</u>
<i>Net Change in Fund Balances</i>	183,558	183,558	(12,259)	(195,817)
Prior Year Encumbrances Appropriated	14,442	14,442	14,442	0
<i>Fund Balances Beginning of Year</i>	<u>2,779</u>	<u>2,779</u>	<u>2,779</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 200,779</u>	<u>\$ 200,779</u>	<u>\$ 4,962</u>	<u>\$ (195,817)</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH INFRASTRUCTURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 106,468	\$ 169,447	\$ 169,447	\$ 0
<i>Total Receipts</i>	<u>106,468</u>	<u>169,447</u>	<u>169,447</u>	<u>0</u>
Disbursements				
Current:				
Environmental			40	(40)
Nursing			3,691	(3,691)
Preparedness	7,066	79,171	207,971	(128,800)
Administration			629	(629)
<i>Total Disbursements</i>	<u>7,066</u>	<u>79,171</u>	<u>212,331</u>	<u>(133,160)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>99,402</u>	<u>90,276</u>	<u>(42,884)</u>	<u>(133,160)</u>
Other Financing Sources (Uses)				
Advances In			7,932	7,932
Advances Out			(7,932)	(7,932)
<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>	99,402	90,276	(42,884)	(133,160)
Prior Year Encumbrances Appropriated	7,066	7,066	7,066	0
<i>Fund Balances Beginning of Year</i>	<u>35,931</u>	<u>35,931</u>	<u>35,931</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 142,399</u>	<u>\$ 133,273</u>	<u>\$ 113</u>	<u>\$ (133,160)</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
DENTAL CLINIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 50,000	\$ 62,000	\$ 74,535	\$ 12,535
Charges for Services		8,900	9,106	206
Miscellaneous	25,000	25,000	26,583	1,583
<i>Total Receipts</i>	<u>75,000</u>	<u>95,900</u>	<u>110,224</u>	<u>14,324</u>
Disbursements				
Current:				
Administration			1,086	(1,086)
Dental Clinic	75,000	93,000	94,051	(1,051)
<i>Total Disbursements</i>	<u>75,000</u>	<u>93,000</u>	<u>95,137</u>	<u>(2,137)</u>
<i>Net Change in Fund Balances</i>	0	2,900	15,087	12,187
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 0</u>	<u>\$ 2,900</u>	<u>\$ 15,087</u>	<u>\$ 12,187</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
DENTAL SEALANT FUND
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>		
Receipts				
Intergovernmental	\$	\$ 48,187	\$ 48,187	\$ 0
<i>Total Receipts</i>	<u>0</u>	<u>48,187</u>	<u>48,187</u>	<u>0</u>
Disbursements				
Current:				
Dental Sealant	2,394	7,394	41,890	(34,496)
Administration			6	(6)
<i>Total Disbursements</i>	<u>2,394</u>	<u>7,394</u>	<u>41,896</u>	<u>(34,502)</u>
<i>Net Change in Fund Balances</i>	(2,394)	40,793	6,291	(34,502)
Prior Year Encumbrances Appropriated	2,394	2,394	2,394	0
<i>Fund Balances Beginning of Year</i>	<u>7,052</u>	<u>7,052</u>	<u>7,052</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,052</u>	<u>\$ 50,239</u>	<u>\$ 15,737</u>	<u>\$ (34,502)</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SEWAGE FUND
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>		
Receipts				
Fines, Licenses and Permits	\$ 84,975	\$ 99,380	\$ 72,283	\$ (27,097)
Charges for Services			13,050	13,050
Miscellaneous	300	300		(300)
<i>Total Receipts</i>	<u>85,275</u>	<u>99,680</u>	<u>85,333</u>	<u>(14,347)</u>
Disbursements				
Current:				
Environmental	84,978	61,808	47,946	13,862
Administration			2,978	(2,978)
<i>Total Disbursements</i>	<u>84,978</u>	<u>61,808</u>	<u>50,924</u>	<u>10,884</u>
<i>Net Change in Fund Balances</i>	297	37,872	34,409	(3,463)
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 297</u>	<u>\$ 37,872</u>	<u>\$ 34,409</u>	<u>\$ (3,463)</u>

See accompanying notes to the basic financial statements

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

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.

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 cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. 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 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, grants and contributions that are 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 program is self-financing on a cash basis or draws from the general receipts of the Health District.

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (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.

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 – This 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.

Public Health Nursing Fund – This fund accounts for all financial resources received and disbursed for the delivery of public health nursing services. These services include, but are not limited to, immunizations, clinics, infectious disease surveillance and investigation, school nurse contract and speech therapy.

Cardiovascular Health Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

Public Health Infrastructure Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

Dental Clinic Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health and the Sisters of St. Joseph Charitable Fund, client fees, Medicaid reimbursement, and other contributions toward the operation of the Southeastern Ohio Dental Clinic.

Dental Sealant Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

Sewage Fund – This fund accounts for the permits and fees collected for sewage inspections, septic permits and installer's licenses.

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

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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 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 their related expenses) are not recorded in these financial statements.

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.

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

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 the County Treasurer, Dorothy Peppel, 205 Putnam Street, Marietta, Ohio 45750.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

M. 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 programs mandated by the Ohio Revised Code and grants awarded by the Ohio Department of Health or other agencies.

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.

N. 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 and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. 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 – Restatement of Fund Balance

For the year ended December 31, 2005, adjustments resulted in budgetary fund balance restatements as follows:

	Budgetary Fund Balance at	Restatement	Budgetary Fund Balance at
<u>Governmental Funds:</u>	<u>December 31, 2005</u>	<u>Amount</u>	<u>January 1, 2006</u>
General	\$ 44,962	\$ 3,631	\$ 48,593

The above adjustment was made to correct a prior audit period error.

Note 4 - Compliance

Compliance

At December 31, 2006 the Health District had expenditures in excess of appropriations in the Trailer Parks and Recreation Fund in the amount of \$4,160, Cardiovascular Health Fund in the amount of \$195,817, Dental Sealant Fund in the amount of \$34,502, Public Health Infrastructure Fund in the amount of \$141,051, and Dental Clinic Fund in the amount of \$2,137 contrary to Ohio Rev. Code Section 5705.41(B).

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 5 - 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 – 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 (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:

General Fund	\$3,861
Major Special Revenue Funds:	
Public Health Nursing Fund	2,891
Cardiovascular Health Fund	1,964
Dental Clinic Fund	4,328
Dental Sealant Fund	1,058

Note 6 – Risk Management

Risk Pool Membership

The District belongs to the County Risk Sharing Authority (CORSA), a risk sharing pool available through the County Commissioners Association of Ohio. The County Commissioners pay annual contributions and the cost is shared across all covered departments.

Casualty Coverage

CORSA breaks down the total program costs by the following coverages: Property, Auto, General Liability, Public Officials Liability, Law Enforcement, and Medical Professional Liability.

Note 7 - Defined Benefit Pension Plans

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) 222-5601 or (800) 222-7377.

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 7 - Defined Benefit Pension Plans (Continued)

For the year ended December 31, 2006, members of all three plans, were required to contribute 9 percent of their annual covered salaries. The Health District's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$79,099, \$50,112, and \$48,681, respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 8 - Postemployment Benefits

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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the transitional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS' 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 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .5 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$25,981. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2005 (the latest information available), were \$11.1 billion. The actuarial 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. 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 9 - Lease Agreements

The Health District entered into lease agreements during 2003 for three 2004 Chrysler Sebrings and a 2004 Honda CRV. The Health District purchased the Honda CRV in 2006 (see Note 10). The lease on the Sebrings ended in 2006 and those vehicles were returned to the dealer. The Health District then entered into lease agreements in 2006 for three 2006 Jeep Liberties. The Jeeps were financed through Daimler Chrysler over three years. The scheduled payments under these lease obligations are as follows:

District Board of Health
Washington County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 9 – Lease Agreements (Continued)

Year Ended December 31	Jeep Liberties
2007	\$ 11,388
2008	11,388
2009	6,643
Total Minimum Lease Payments	\$ 29,419

Note 10 – Notes Payable

The Health District had a lease with Honda Finance for a 2004 Honda CRV. The lease was to end in 2007, but in 2006 the Health District purchased the CRV outright. The Health District entered into a promissory note with Advantage Bank for the purchase of the CRV. The Health District's long-term loan activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
Notes Payable						
Advantage Bank (Honda CRV)	8.75%	\$ 0	\$ 8,310	\$ 3,108	\$ 5,202	\$ 1,942

The following is a summary of the Health District's future annual debt service requirements for governmental activities:

Year	Honda CRV	
	Principal	Interest
2007	\$ 1,942	\$ 223
2008	3,260	144
	\$ 5,202	\$ 367

Note 11 – Contingent Liabilities

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.

Note 12 - Related Party Transactions

The Health District contracted with Board member Kenneth J. Leopold, MD, and his medical practice, Brockett and Leopold, Inc. as family practitioners for the Well-Child Clinics. The Well-Child Clinic consists of 5 clinics per doctor per year with a fee of \$210 per clinic, or \$1,050 per doctor per year. Dr. Leopold was also the County Coroner. Dr. Leopold resigned from the Board on February 13, 2007. The Board also contracted with Michael K. Brockett, MD, of Brockett and Leopold, Inc., as Medical Director. Dr. Michael Brockett was compensated \$1,200 for Medical Director and \$1,050 for Well-Child Clinics.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct from Federal Government:</i>			
Medicare Supplementary Medical Insurance	93.774	N/A	\$ 22,575
<i>Passed-through Ohio Department of Job and Family Services:</i>			
Medical Assistance Program	93.778	N/A	40,245
<i>Passed-through Ohio Department of Health:</i>			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	84-1-001-2-BI-06 84-1-001-2-BI-07 84-1-001-2-BI	206,773 63,409 <u>5,559</u>
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance			275,741
Preventive Health and Health Services Block Grant	93.991	84-1-001-2-ED-03	208,294
Maternal and Child Health Services Block Grant to the States	93.994	84-1-001-1-AJ-03	<u>25,000</u>
Total United States Department of Health and Human Services			<u>571,855</u>
Total Federal Awards Expenditures			<u>\$ 571,855</u>

The accompanying notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (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
Washington County
342 Muskingum Drive
Marietta, OH 45750

To the Board of Health:

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, Washington 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 August 29, 2007, wherein we noted the Health 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 Health District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessary identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

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 the 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 in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted a certain internal control matter that we reported to the Health District's management in a separate letter dated August 29, 2007.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Health District's management in a separate letter dated August 29, 2007.

The Health District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Health District's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

August 29, 2007



Mary Taylor, CPA

Auditor of State

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

District Board of Health
Washington County
342 Muskingum Drive
Marietta, Ohio 45750

To the Board of Health:

Compliance

We have audited the compliance of the District Board of Health, Washington 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 each of its major federal programs 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 programs. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Health District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Health District's compliance with those requirements.

In our opinion, the Health District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report, which are described in the accompanying Schedule of Findings as items 2006-003 through 2006-005.

In a separate letter to the Health District's management dated August 29, 2007, we reported other matters 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 in order 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as findings 2006-003 through 2006-005 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result 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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings to be material weaknesses.

We also noted matters 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 August 29, 2007.

The Health District's responses to the findings we identified are described in the accompanying Schedule of Findings. We did not audit the Health District's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

August 29, 2007

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Centers for Disease Control and Prevention – Investigations and Technical Assistance – CFDA #93.283 Maternal and Child Health Services Block Grant to the States – CFDA #93.994
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

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

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

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

Numerous posting errors were noted as follows:

- The January 1, 2006 fund balance in the Public Health Nursing Fund did not agree to the December 31, 2005 fund balance. The variance was \$813 which was due to a voided 2005 expenditure being processed in 2006 that was posted back to 2005;
- A 2006 disbursement in the amount of \$195 in the Rabies Fund was posted as a 2005 disbursement;
- In December 2006, three Medicaid and Medicare receipts were received and receipted in but were posted to the system in 2007. These amounts resulted in a net adjustment of \$975 in the Public Health Nursing Fund and \$679 in the Dental Clinic Fund;
- Two advances in the amount of \$7,932 were improperly posted as transfers;
- Program receipts totaling \$87,533 were not properly classified;
- Encumbrances were posted to the wrong Public Health Infrastructure Fund on the Statement of Assets and Fund Balances in the amount of \$7,890;
- Original budgeted amounts on the Health District's budget and actual statements did not agree to the original amended certificate and/or original appropriations approved by the Board of Health and final budgeted amounts on the Health District's budget and actual statements did not agree to the final amended certificate and/or final appropriations approved by the Board of Health as follows:

Fund/Account	Original Budgeted Amount per Budget vs. Actual Statement	Original Budgeted Amount per Original Amended Certificate	Variance
Southeastern Ohio Dental Clinic/Intergovernmental	\$0	\$50,000	\$50,000
Southeastern Ohio Dental Clinic/Miscellaneous	0	25,000	25,000

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

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

FINDING NUMBER 2006-001 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

Fund/Account	Original Budgeted Amount per Budget vs. Actual Statement	Original Budgeted Amount per Original Appropriations Approved by Board	Variance
Cardiovascular Health/Cardiovascular Health Public Health	\$200,540	\$14,442	(\$186,098)
Infrastructure/Preparedness	106,468	7,066	(99,402)
Southeastern Ohio Dental Clinic/Southeastern Ohio Dental Clinic	0	75,000	75,000
Federal Dental Sealant Program/Sealant	6,867	2,394	(4,473)
Fund/Account	Final Budgeted Amount per Budget vs. Actual Statement	Final Budgeted Amount per Final Amended Certificate	Variance
General/Transfers In Public Health	\$7,932	\$0	(\$7,932)
Infrastructure/Transfers In	7,932	0	(7,932)
Southeastern Ohio Dental Clinic/Intergovernmental	78,000	62,000	(16,000)
Sewage Disposal Fund/Licenses, Permits and Fees	76,080	99,380	23,300

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

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

FINDING NUMBER 2006-001 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

Fund/Account	Final Budgeted Amount per Budget vs. Actual Statement	Final Budgeted Amount per Final Appropriations Approved by Board	Variance
General/Transfers Out Cardiovascular	\$7,932	\$0	(\$7,932)
Health/Cardiovascular Health Public Health	214,845	14,442	(200,403)
Infrastructure/Preparedness Public Health	212,443	79,171	(133,272)
Infrastructure/Transfers Out Southeastern Ohio Dental Clinic/Southeastern Ohio Dental Clinic	7,932	0	(7,932)
Federal Dental Sealant Program/Sealant	107,000	93,000	(14,000)
	50,261	7,394	(42,867)

In addition to the aforementioned posting errors, it was noted during testing, particularly of grant programs, that queries pulled from the Health District's database were not always reliable. Transactions were coded so queries could be performed for various purposes. Errors were made in this coding of transactions so that the queries did not always pull all of the transactions from the database.

Without information properly classified and entered into the system, the management of the Health District lost some degree of fiscal control. This also resulted in inaccurate financial reports, inaccurate grant reports to be filed with the Ohio Department of Health and numerous audit adjustments as well as increased audit costs to the Health District.

We recommend the Administrative Assistant take due care when posting and coding transactions in the system. Until the Health District is able to improve the current bookkeeping system, the Administrative Assistant should consider relying only on the revenue and expense journals to produce reports since they are the basic underlying financial records of the Health District.

Officials' Response: The Administration will explore the feasibility of purchasing a new bookkeeping system. Care has been taken to correct posting errors. Changes have been made to the current system to address questions of accuracy of reports.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

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

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Expenditures exceeded appropriations at the fund level at December 31, 2006, in the following funds:

Fund	Appropriation Authority	Actual Expenditures	Variance
2001 - Trailer Parks & Recreation	\$ 864	\$ 5,024	\$ (4,160)
2007 - Cardiovascular Health	14,442	210,258	(195,816)
2008 - Dental Sealant	7,394	41,897	(34,503)
2010 - Public Health Infrastructure	79,171	220,222	(141,051)
2014 - Dental Clinic	93,000	95,137	(2,137)

This resulted in the aforementioned funds expending more than was appropriated.

We recommend the Administrative Assistant ensure that all appropriation amendments are brought before the Board of Health for approval.

Officials' Response: This has been corrected. All requests for amended certificates are presented to the Board and recorded in the minutes.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2006-003
CFDA Title and Number	Centers for Disease Control and Prevention – Investigations and Technical Assistance – CFDA #93.283
Federal Award Number / Year	84-1-001-2-BI-06 & 84-1-001-2-BI-07
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance Citation and Significant Deficiency - Reporting (Continued)

The Ohio Department of Health Grants Administration Policy and Procedure Manual, Section 105, requires subgrantees to submit financial status reports for each grant. Subgrantee program expenditure reports must be completed, reporting funds received, disbursed or obligated and submitted via the Internet within 15 calendar days following the end of each quarter. Additionally, a final expense report reflecting total expenditures for the program period must be completed and submitted via the Internet within 45 days after the end of the grant year. The information contained in the reports must correspond with the program accounting records and supporting documentation.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2006-003 (Continued)

Noncompliance Citation and Significant Deficiency - Reporting (Continued)

The Health District's year-to-date expenditures and outstanding obligations (encumbrances) on the quarterly and final expenditure reports for the Public Health Infrastructure (PHI) grant did not correspond to the Health District's accounting records. Expenditures and encumbrances were reported as follows:

<u>Type of Report</u>	<u>Expenditures</u>	<u>Encumbrances</u>
2005 & 2006 Grant Year - Ending August 30, 2006		
Program Expenditure Reports - Second Quarter	\$ 37,565	\$ 6,952
District's Accounting Records	<u>46,197</u>	<u>27,214</u>
Difference	<u>\$ (8,632)</u>	<u>\$ (20,262)</u>
Program Expenditure Reports - Third Quarter	\$ 50,135	\$ 13,051
District's Accounting Records	<u>48,921</u>	<u>66,704</u>
Difference	<u>\$ 1,214</u>	<u>\$ (53,653)</u>
Program Expenditure Reports - Fourth Quarter	\$ 114,544	\$ 17,060
District's Accounting Records	<u>106,824</u>	<u>16,031</u>
Difference	<u>\$ 7,720</u>	<u>\$ 1,029</u>
Program Expenditure Reports - Final Report	\$ 268,675	\$ 0
District's Accounting Records	<u>274,198</u>	<u>0</u>
Difference	<u>\$ (5,523)</u>	<u>\$ 0</u>
2006 & 2007 Grant Year - Ending August 30, 2007		
First Quarter Program Expenditure Report	\$ 37,464	\$ 12,637
District's Accounting Records	<u>37,575</u>	<u>29,962</u>
Difference	<u>\$ (111)</u>	<u>\$ (17,325)</u>

This could result in a repayment of grant funds to the Ohio Department of Health if the quarterly and final expenditure reports are not properly supported by the Health District's accounting records and could jeopardize future funding.

We recommend the Health District develop procedures that will ensure the expenditure reports to the Ohio Department of Health are accurately supported by actual costs posted to their financial records.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2006-003 (Continued)

Noncompliance Citation and Significant Deficiency - Reporting (Continued)

Officials' Response and Corrective Action Plan: Efforts have been made to correct these reports. All transactions that are part of grant activities will be recorded appropriately.

Finding Number	2006-004
CFDA Title and Number	Maternal and Child Health Services Block Grant to the States – CFDA #93.994
Federal Award Number / Year	84-1-001-1-AJ-03
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance Citation and Significant Deficiency - Reporting

The Ohio Department of Health Grants Administration Policy and Procedure Manual, Section 101.5, states obligations are allowable costs that a subgrantee may be legally required to pay out of program funds. They include not only actual liabilities, but also unliquidated encumbrances.

For the Dental Sealant grant, amounts reported on the Subgrantee Program Expenditure Report for outstanding obligations included only current unpaid bills and did not include unliquidated encumbrances. In addition, the Health District did not maintain supporting documentation for the outstanding obligations reported on two of the three reports which included outstanding obligations. This was especially important because the Health District fund that accounts for the Dental Sealant grant includes expenditures made with Medicaid dollars as well as these grant dollars.

This resulted in the Health District not accurately reporting outstanding obligations on the Subgrantee Program Expenditure Reports.

We recommend the Health District develop procedures that will ensure the expenditure reports to the Ohio Department of Health are accurately completed and include unliquidated encumbrances.

Officials' Response and Corrective Action Plan: The definition of outstanding obligations was incorrectly presented at GMIS training by the Ohio Department of Health. This definition was different than that of the GAPP manual. Reports and activities are now appropriately recorded with the proper definition in mind.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2006-005
CFDA Title and Number	Maternal and Child Health Services Block Grant to the States – CFDA #93.994
Federal Award Number / Year	84-1-001-1-AJ-03
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance Citation and Significant Deficiency – Reporting

The Ohio Department of Health Grants Administration Policy and Procedure Manual, Section 105, requires subgrantees to submit financial status reports for each grant. Subgrantee program expenditure reports must be completed, reporting funds received, disbursed or obligated and submitted via the Internet within 15 calendar days following the end of each quarter. Additionally, a final expense report reflecting total expenditures for the program period must be completed and submitted via the Internet within 45 days after the end of the grant year. The information contained in the reports must correspond with the program accounting records and supporting documentation.

The Grant Status Reports for the Dental Sealant grant, extracted from the Health District's database to prepare the Subgrantee Final Expense Report and Subgrantee Program Expenditure Reports, did not agree to the amounts on the Expense Journal as follows:

Type of Report	Expenditures
Quarterly Report - First Quarter	\$ 10,277
District's Expense Journal	8,243
Difference	\$ 2,034
Quarterly Report - Second Quarter	\$ 12,300
District's Expense Journal	12,582
Difference	\$ (282)
Quarterly Report - Fourth Quarter	\$ 9,447
District's Expense Journal	11,551
Difference	\$ (2,104)

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2006-005 (Continued)

Noncompliance Citation and Significant Deficiency – Reporting (Continued)

This was due, in part, to the fact that the Dental Sealant grant did not cover all of the expenses for the program; therefore, not all expenses were coded to be extracted into the Grant Status Reports. The Health District does not have a consistent manner for coding of the program expenses. For example, the Grant Status Reports included all wages paid to the project coordinator even though the grant covered only approximately 49% of her wages. The Grant Status Reports generally did not include amounts paid to dentists, hygienists and assistants over the amount covered by the grant.

This did not result in a clear and consistent tool for preparing grant reports.

We recommend the Health District prepare grant reports based on complete and accurate information from the Expense Journal.

Official's Response and Corrective Action Plan: Because the dental sealant fund contains both grant and Medicaid monies, it is difficult to separate expenditures. Establishing separate funds in each case where there is a mix of funding sources for the same program is being considered.

**DISTRICT BOARD OF HEALTH
WASHINGTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Noncompliance Citation from the Ohio Department of Health Grants Administration Policy and Procedures Manual Section 105. The Health District's year-to-date expenditures and outstanding obligations on the quarterly and final expenditure reports did not agree to the Health District's accounting records.	No	Not Corrected. Reissued as Finding 2006-003.
2005-002	Noncompliance Citation and questioned cost from the Ohio Department of Health Grants Administration Policy and Procedures Manual Section 400.2. The Health District liquidated \$23,714 after the Subgrantee Expenditure Report was filed.	Yes	



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

WASHINGTON 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**