



Mary Taylor, CPA
Auditor of State

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Carroll County District Board of Health
Carroll County
P. O. Box 98
301 Moody Avenue SW
Carrollton, Ohio 44615

To the District 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 Carroll County District Board of Health, Carroll County, Ohio (the District), as of and for the year ended December 31, 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 1, 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Carroll County, Ohio, as of December 31, 2005, and the respective changes in financial position and the respective budgetary comparisons for the General, TANF, Public Health Nursing and Septic Funds for the year then ended in conformity with the basis of accounting Note 1 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 August 17, 2007, 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.

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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.

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 17, 2007

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

The management's discussion and analysis of the Carroll County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2005, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- § The total net cash assets of the District increased \$1,197, which represents a 0.42% increase over fiscal year 2004.
- § General cash receipts accounted for \$196,405 or 21.13% of total governmental activities cash receipts. Program specific cash receipts accounted for \$732,993 or 78.87% of total governmental activities cash receipts.
- § The District had \$928,201 in cash disbursements related to governmental activities; \$732,993 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$196,405 were adequate to provide for these programs.
- § The District's major funds are the general fund, the TANF subsidy fund, the public health nursing fund and the septic fund. The general fund, the District's largest major fund, had cash receipts of \$205,759 in 2005. The cash disbursements and other financing uses of the general fund, totaled \$193,506 in 2005. The general fund's cash balance increased \$12,253 from 2004 to 2005.
- § The TANF subsidy fund, a District major fund, had cash receipts of \$136,383 in 2005. The TANF subsidy fund had cash disbursements of \$131,792 in 2005. The TANF subsidy fund cash balance increased \$4,591 from 2004 to 2005.
- § The public health nursing fund, a District major fund, had cash receipts of \$116,496 and other financing sources of \$39,114 in 2005. The public health nursing fund had cash disbursements of \$181,425 in 2005. The public health nursing fund cash balance decreased \$25,815 from 2004 to 2005.
- § The septic fund, a District major fund, had cash receipts of \$45,050 in 2005. The septic fund had cash disbursements of \$47,378 in 2005. The septic fund cash balance decreased \$2,328 from 2004 to 2005.

Using the Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's 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 District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are four major governmental funds. The general fund is the largest major fund.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer the question, how did we do financially during 2005? These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, Governmental Activities include the District's programs and services, including TANF subsidy, public health nursing, septic, and general government.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis can be found on page 11-12 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are classified as governmental funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, the TANF Subsidy Fund, the Public Health Nursing Fund, and the Septic Fund. The analysis of the District's major governmental funds begins on page 8.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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Since the District is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 13-14 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund, the TANF Subsidy Fund, the Public Health Nursing Fund, and the Septic Fund are presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statements can be found on pages 16-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-26 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets – Cash Basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash assets for 2005. Since the District did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Net Cash Assets

	Governmental Activities <u>2005</u>
<u>Assets</u>	
Equity in pooled cash and cash equivalents	<u>\$ 285,938</u>
Total assets	<u>285,938</u>
<u>Net Assets</u>	
Restricted	101,776
Unrestricted	<u>184,162</u>
Total net assets	<u>\$ 285,938</u>

The total net cash assets of the District increased \$1,197, which represents a 0.42% increase over fiscal year 2004.

The balance of government-wide unrestricted net cash assets of \$184,162 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2005.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Change in Net Cash Assets

	Governmental Activities <u>2005</u>
Cash Receipts:	
Program cash receipts:	
Charges for services and sales	\$ 279,100
Operating grants and contributions	<u>453,893</u>
Total program cash receipts	<u>732,993</u>
General cash receipts:	
Taxes	157,776
Unrestricted grants	7,874
Other	<u>30,755</u>
Total general cash receipts	<u>196,405</u>
Total cash receipts	<u>929,398</u>
Cash Disbursements:	
Salaries	458,453
Supplies	70,901
Equipment	31,076
Contracts - Repairs	199
Contracts - Services	101,673
Rentals	41,141
Travel	14,513
Fringe Benefits	127,007
Advertising and printing	4,980
Remittance to State	15,846
Other	<u>62,412</u>
Total cash disbursements	<u>928,201</u>
Change in net cash assets	1,197
Net cash assets at beginning of year	<u>284,741</u>
Net cash assets at end of year	<u>\$ 285,938</u>

Governmental Activities

Governmental cash assets increased by \$1,197 in 2005 from 2004.

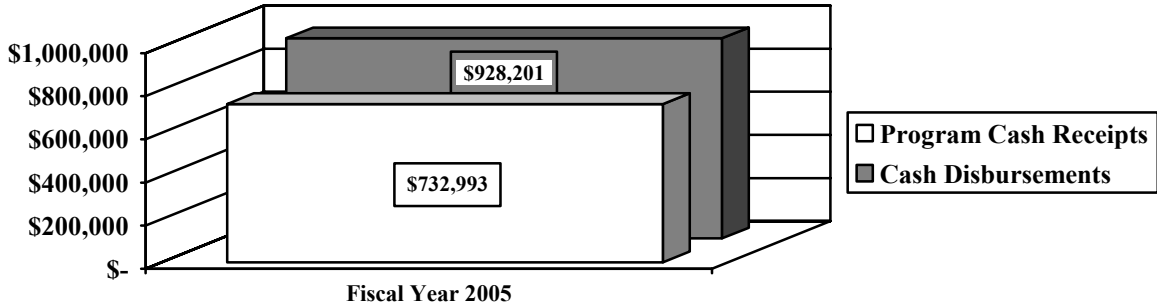
Salaries represent the largest expenditure of the District. In 2005, salary cash disbursements totaled \$458,453, or 49.39% of total governmental cash disbursements. Salary expenditures were supported by \$124,926 in direct charges to users for services.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements



Governmental Activities

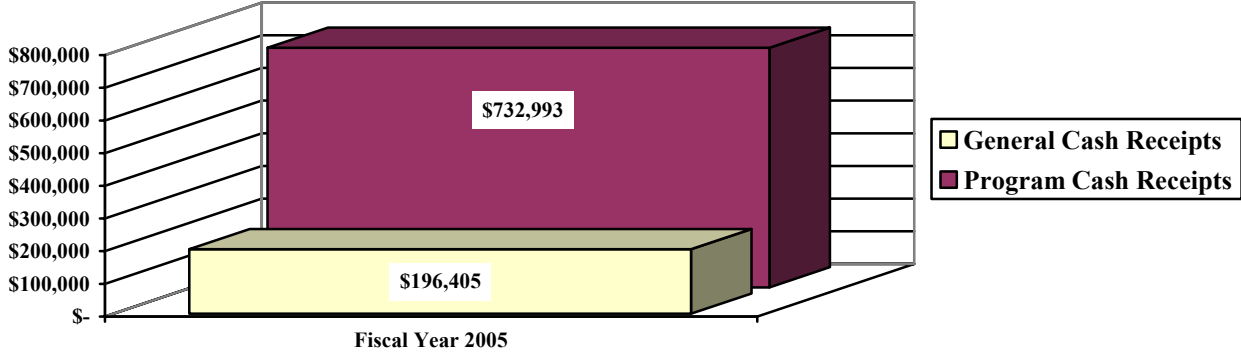
	Total Cost of Services 2005	Net Cost of Services 2005
	<u>2005</u>	<u>2005</u>
Cash disbursements:		
Current:		
Salaries	\$ 458,453	\$ 98,634
Supplies	70,901	(5,689)
Equipment	31,076	3,809
Contracts - Repairs	199	(966)
Contracts - Services	101,673	26,737
Rentals	41,141	25,509
Travel	14,513	1,784
Fringe benefits	127,007	9,582
Advertising and printing	4,980	1,668
Remittance to state	15,846	8,635
Other	<u>62,412</u>	<u>25,505</u>
Total	<u><u>\$ 928,201</u></u>	<u><u>\$ 195,208</u></u>

The dependence upon general cash receipts for governmental activities is apparent; with 21.03% of cash disbursements supported through taxes and other general cash receipts during 2005.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

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

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$285,938, which is \$1,197 above last year's total of \$284,741. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005 and December 31, 2004, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2005</u>	<u>Fund Cash Balance</u> <u>December 31, 2004</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 77,222	\$ 64,969	\$ 12,253
TANF Subsidy	9,627	5,036	4,591
Public Health Nursing	25,374	51,189	(25,815)
Septic	44,895	47,223	(2,328)
Other Nonmajor Governmental Funds	<u>128,820</u>	<u>116,324</u>	<u>12,496</u>
Total	<u>\$ 285,938</u>	<u>\$ 284,741</u>	<u>\$ 1,197</u>

General Fund

The general fund, the District's largest major fund, had cash receipts of \$205,759 in 2005. The cash disbursements and other financing uses of the general fund, totaled \$193,506 in 2005. The general fund's cash balance increased \$12,253 from 2004 to 2005.

The table that follows assists in illustrating the cash receipts of the general fund.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 157,776	\$ 63,308	149.22 %
Intergovernmental	7,874	7,812	0.79 %
Charges for services	13,563	33,868	(59.95) %
Other	<u>26,546</u>	<u>-</u>	100.00 %
Total	<u>\$ 205,759</u>	<u>\$ 104,988</u>	95.98 %

Tax revenues increased as a result of higher amounts collected in 2005. Fees, licenses and permits decreased due to fewer charges to customers and fewer licenses and permits issued.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
Salaries	\$ 23,375	\$ 13,508	73.05 %
Supplies	965	2,374	(59.35) %
Equipment	246	1,771	(86.11) %
Contracts - Repairs	-	83	(100.00) %
Contracts - Services	3,653	-	100.00 %
Rentals	30,600	13,800	121.74 %
Travel	4,130	4,120	0.24 %
Fringe benefits	4,686	4,293	9.15 %
Remittances to state	8,126	5,358	51.66 %
Other	<u>16,909</u>	<u>7,786</u>	117.17 %
Total	<u>\$ 92,690</u>	<u>\$ 53,093</u>	74.58 %

Although the percentage of change for all expenditure items was significant the actual dollar amount change is not significant. The largest increase of \$16,800 was in rental expense. This increase was due to additional rentals for equipment in 2005 that did not occur in 2004. Salaries and Fringe benefits expenditure changes are a direct result of personnel changes within the District. Overall, cash disbursements increased \$39,597 from 2004.

TANF Subsidy Fund

The TANF subsidy fund, a District major fund, had cash receipts of \$136,383 in 2005. The TANF subsidy fund had cash disbursements of \$131,792 in 2005. The TANF subsidy fund cash balance increased \$4,591 from 2004 to 2005.

Public Health Nursing Fund

The public health nursing fund, a District major fund, had cash receipts of \$116,496 and received \$39,114 in transfers from the general fund during 2005. The public health nursing fund had cash disbursements of \$181,425 in 2005. The public health nursing fund cash balance decreased \$25,815 from 2004 to 2005.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Septic Fund

The septic fund, a District major fund, had cash receipts of \$45,050 in 2005. The septic fund had cash disbursements of \$47,378 in 2005. The septic fund cash balance decreased \$2,328 from 2004 to 2005.

Budgeting Highlights - General Fund

The 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.

For the general fund, final budget basis receipts of \$126,769 were more than original budget estimates of \$88,260. Actual cash receipts of \$205,759 were more than final budget estimates by \$78,990. The final budgetary basis disbursements of \$112,172 were increased \$23,912 from original budget estimates of \$88,260. The actual budgetary basis disbursements of \$196,589 were \$84,417 more than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had equipment disbursements of \$31,076 during fiscal year 2005.

Debt Administration

The District does not have any long-term obligations at December 31, 2005.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Valerie Wohlwend, Fiscal Officer, Carroll County District Board of Health, 301 Moody Ave, P.O. Box 98, Carrollton, OH 44615.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 285,938
Total assets.	285,938
Net assets:	
Restricted for:	
Other purposes:	
Public health nursing	25,374
Septic	44,895
Food service	15,069
General environment	16,438
Unrestricted	184,162
Total net assets	\$ 285,938

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets
	Cash Disbursements	Charges for Services	Operating and Contributions	Governmental Activities
Governmental activities:				
Current:				
Salaries	\$ 458,453	\$ 124,926	\$ 234,893	\$ (98,634)
Supplies	70,901	48,214	28,376	5,689
Equipment	31,076	2,410	24,857	(3,809)
Contracts - Repairs	199	1,165	-	966
Contracts - Services	101,673	15,730	59,206	(26,737)
Rentals	41,141	6,861	8,771	(25,509)
Travel/Expenses	14,513	2,855	9,874	(1,784)
Fringe Benefits	127,007	50,367	67,058	(9,582)
Advertising and printing	4,980	2,389	923	(1,668)
Remittances to State	15,846	7,211	-	(8,635)
Other	62,412	16,972	19,935	(25,505)
	<u>\$ 928,201</u>	<u>\$ 279,100</u>	<u>\$ 453,893</u>	<u>(195,208)</u>
Totals	<u>\$ 928,201</u>	<u>\$ 279,100</u>	<u>\$ 453,893</u>	<u>(195,208)</u>
General Cash Receipts and Transfers:				
Property and other taxes levied for:				
General purposes				157,776
Grants and entitlements not restricted to specific programs.				7,874
Miscellaneous				30,755
				<u>196,405</u>
Total general cash receipts.				196,405
Change in net cash assets				1,197
Net cash assets at beginning of year.				<u>284,741</u>
Net cash assets at end of year				<u>\$ 285,938</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF ASSETS AND CASH FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General</u>	<u>TANF Subsidy</u>	<u>Public Health Nursing</u>	<u>Septic</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash assets:						
Equity in pooled cash and cash equivalents	\$ 77,222	\$ 9,627	\$ 25,374	\$ 44,895	\$ 128,820	\$ 285,938
Total assets	<u>\$ 77,222</u>	<u>\$ 9,627</u>	<u>\$ 25,374</u>	<u>\$ 44,895</u>	<u>\$ 128,820</u>	<u>\$ 285,938</u>
Fund cash balances:						
Unreserved, undesignated, reported in:						
General fund.	\$ 77,222	\$ -	\$ -	\$ -	\$ -	\$ 77,222
Special revenue funds	-	9,627	25,374	44,895	128,820	208,716
Total fund cash balances	<u>\$ 77,222</u>	<u>\$ 9,627</u>	<u>\$ 25,374</u>	<u>\$ 44,895</u>	<u>\$ 128,820</u>	<u>\$ 285,938</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>TANF Subsidy</u>	<u>Public Health Nursing</u>	<u>Septic</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:						
Taxes	\$ 157,776	\$ -	\$ -	\$ -	\$ -	\$ 157,776
Intergovernmental	7,874	136,383	-	-	317,510	461,767
Fees, licenses and permits.	-	-	-	45,050	80,080	125,130
Charges for services	13,563	-	116,496	-	23,911	153,970
Other.	26,546	-	-	-	4,209	30,755
Total cash receipts	<u>205,759</u>	<u>136,383</u>	<u>116,496</u>	<u>45,050</u>	<u>425,710</u>	<u>929,398</u>
Cash disbursements:						
Current:						
Salaries	23,375	89,249	97,208	28,582	220,039	458,453
Supplies	965	7,792	23,879	3,709	34,556	70,901
Equipment	246	162	440	470	29,758	31,076
Contracts - Repairs	-	-	199	-	-	199
Contracts - Services	3,653	242	23,980	3,840	69,958	101,673
Rentals	30,600	6,760	978	498	2,305	41,141
Travel/Expenses	4,130	5,220	507	39	4,617	14,513
Fringe benefits	4,686	22,367	21,965	5,365	72,624	127,007
Advertising and printing	-	-	294	-	4,686	4,980
Remittances to State	8,126	-	450	-	7,270	15,846
Other	16,909	-	11,525	4,875	29,103	62,412
Total cash disbursements	<u>92,690</u>	<u>131,792</u>	<u>181,425</u>	<u>47,378</u>	<u>474,916</u>	<u>928,201</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>113,069</u>	<u>4,591</u>	<u>(64,929)</u>	<u>(2,328)</u>	<u>(49,206)</u>	<u>1,197</u>
Other financing sources (uses):						
Advances in	-	-	-	-	9,500	9,500
Advances out	(9,500)	-	-	-	-	(9,500)
Transfers in.	-	-	39,114	-	52,202	91,316
Transfers out	(91,316)	-	-	-	-	(91,316)
Total other financing sources (uses).	<u>(100,816)</u>	<u>-</u>	<u>39,114</u>	<u>-</u>	<u>61,702</u>	<u>-</u>
Net change in fund cash balances	12,253	4,591	(25,815)	(2,328)	12,496	1,197
Fund cash balances						
at beginning of year	64,969	5,036	51,189	47,223	116,324	284,741
Fund cash balances at end of year	<u>\$ 77,222</u>	<u>\$ 9,627</u>	<u>\$ 25,374</u>	<u>\$ 44,895</u>	<u>\$ 128,820</u>	<u>\$ 285,938</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Taxes	\$ 54,873	\$ 78,814	\$ 157,776	\$ 78,962
Intergovernmental	5,479	7,869	7,874	5
Charges for services	9,437	13,555	13,563	8
Other	18,471	26,531	26,546	15
Total budgetary basis receipts	<u>88,260</u>	<u>126,769</u>	<u>205,759</u>	<u>78,990</u>
Budgetary basis disbursements:				
Current:				
Salaries	15,450	25,100	24,153	947
Supplies	2,000	2,369	1,024	1,345
Equipment	1,500	265	246	19
Contracts - Repairs	500	17	-	17
Contracts - Services	2,500	3,900	3,739	161
Rentals	23,600	23,400	31,618	(8,218)
Travel/Expenses	5,500	5,600	4,347	1,253
Fringe benefits	2,210	3,516	4,930	(1,414)
Remittances to State	7,350	10,870	8,396	2,474
Other	17,650	26,135	17,320	8,815
Total budgetary basis disbursements	<u>78,260</u>	<u>101,172</u>	<u>95,773</u>	<u>5,399</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>10,000</u>	<u>25,597</u>	<u>109,986</u>	<u>84,389</u>
Other financing uses:				
Transfers out	-	-	(91,316)	(91,316)
Advances out	(10,000)	(11,000)	(9,500)	1,500
Total other financing uses	<u>(10,000)</u>	<u>(11,000)</u>	<u>(100,816)</u>	<u>(89,816)</u>
Net change in fund cash balance	-	14,597	9,170	(5,427)
Fund cash balance at beginning of year	54,056	54,056	54,056	-
Prior year encumbrances appropriated	<u>10,913</u>	<u>10,913</u>	<u>10,913</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 64,969</u>	<u>\$ 79,566</u>	<u>\$ 74,139</u>	<u>\$ (5,427)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
TANF SUBSIDY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental	\$ 81,066	\$ 136,382	\$ 136,383	\$ 1
Total budgetary basis receipts	<u>81,066</u>	<u>136,382</u>	<u>136,383</u>	<u>1</u>
Budgetary basis disbursements:				
Current:				
Salaries	97,903	94,976	89,249	5,727
Supplies	7,728	4,260	7,792	(3,532)
Equipment	-	-	162	(162)
Contracts - Services	-	-	242	(242)
Rentals	7,260	9,076	6,760	2,316
Travel/Expenses	5,527	6,810	5,220	1,590
Fringe benefits	22,618	23,252	22,367	885
Incentives	250	43	-	43
Other	1,100	5,463	-	5,463
Total budgetary basis disbursements	<u>142,386</u>	<u>143,880</u>	<u>131,792</u>	<u>12,088</u>
Net change in fund cash balance	(61,320)	(7,498)	4,591	12,089
Fund cash balance at beginning of year	1,632	1,632	1,632	-
Prior year encumbrances appropriated	<u>3,404</u>	<u>3,404</u>	<u>3,404</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ (56,284)</u>	<u>\$ (2,462)</u>	<u>\$ 9,627</u>	<u>\$ 12,089</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
PUBLIC HEALTH NURSING 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>		
Budgetary basis receipts:				
Charges for services	\$ 109,537	\$ 116,496	\$ 116,496	\$ -
Total budgetary basis receipts	<u>109,537</u>	<u>116,496</u>	<u>116,496</u>	<u>-</u>
Budgetary basis disbursements:				
Current:				
Salaries	74,000	99,178	98,358	820
Supplies	28,000	33,233	24,160	9,073
Equipment	500	500	445	55
Contracts - Repairs	300	500	215	285
Contracts - Services	25,000	28,321	24,137	4,184
Rentals	2,000	1,000	995	5
Travel/Expenses	650	1,837	530	1,307
Fringe benefits	13,350	17,357	22,386	(5,029)
Advertising and printing	550	639	299	340
Remittances to State	1,200	1,315	459	856
Other	11,000	15,148	11,586	3,562
Total budgetary basis disbursements	<u>156,550</u>	<u>199,028</u>	<u>183,570</u>	<u>15,458</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>(47,013)</u>	<u>(82,532)</u>	<u>(67,074)</u>	<u>15,458</u>
Other financing sources:				
Transfers in	36,777	39,114	39,114	-
Total other financing sources	<u>36,777</u>	<u>39,114</u>	<u>39,114</u>	<u>-</u>
Net change in fund cash balance	(10,236)	(43,418)	(27,960)	15,458
Fund cash balance at beginning of year	39,007	39,007	39,007	-
Prior year encumbrances appropriated	12,182	12,182	12,182	-
Fund cash balance at end of year	<u>\$ 40,953</u>	<u>\$ 7,771</u>	<u>\$ 23,229</u>	<u>\$ 15,458</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
SEPTIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Fees, licenses and permits	\$ 50,000	\$ 45,050	\$ 45,050	\$ -
Total budgetary basis receipts	<u>50,000</u>	<u>45,050</u>	<u>45,050</u>	<u>-</u>
Budgetary basis disbursements:				
Current:				
Salaries	20,000	29,100	28,979	121
Supplies	12,000	12,444	3,751	8,693
Equipment	500	500	476	24
Contracts - Repairs	500	600	-	600
Contracts - Services	3,400	5,400	3,862	1,538
Rentals	6,000	1,573	511	1,062
Travel/Expenses	300	450	41	409
Fringe benefits	3,435	5,835	5,480	355
Advertising and printing	2,000	200	-	200
Remittances to State	200	700	-	700
Other	13,000	18,314	4,928	13,386
Total budgetary basis disbursements	<u>61,335</u>	<u>75,116</u>	<u>48,028</u>	<u>27,088</u>
Net change in fund cash balance	(11,335)	(30,066)	(2,978)	27,088
Cash basis balance at beginning of year	33,242	33,242	33,242	-
Prior year encumbrances appropriated	<u>13,981</u>	<u>13,981</u>	<u>13,981</u>	<u>-</u>
Cash basis balance at end of year	<u>\$ 35,888</u>	<u>\$ 17,157</u>	<u>\$ 44,245</u>	<u>\$ 27,088</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Carroll County District Board of Health, Carroll County, (the "District") as a body corporate and politic. A five- member Board and a Health Commissioner govern the District. The District's services include individual water systems, food service operations, trailer parks and recreation areas for public use, public health nursing services and issues health-related licenses and permits. The Health District's management believes these basic financial statements present all activities for which the Health District is financially responsible.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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 District's accounting policies.

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is a concept development to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The District classifies each fund as either governmental, proprietary or fiduciary.

Governmental Funds - The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

General Fund - This fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

TANF Subsidy Fund - This fund receives grant money and fees to operate the program in Carroll County.

Public Health Nursing Fund - This fund receives subdivision tax money and fees to operate the nursing program within Carroll County.

Septic Fund - This fund receives charges for services money to provide environmental service related to individual water systems.

Other governmental funds of the District are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The District does not have any proprietary funds.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District does not have any fiduciary funds.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the 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 District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the 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 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.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Receipts which are not classified as program receipts are presented as general receipts of the 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 District.

Fund Financial Statements - Fund financial statements report detailed information about the District. 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.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

E. Cash and Cash Equivalents

The Carroll County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the 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 Carroll County Treasurer, 1195 S. Lisbon Street, Carrollton, Ohio 44615.

F. Capital Assets

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District (See Note 2.A.).

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of loans are reported as cash when received and principal and interest 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.

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

J. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 3 - CHANGE IN BASIS OF ACCOUNTING

For the year ended December 31, 2003, the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the District has implemented the cash basis of accounting as described in Note 2. 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.

NOTE 4 - RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

NOTE 5 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The 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% 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.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The District's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the District's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions to OPERS for the year ended December 31, 2005 was \$41,166; these contributions were sufficient to fulfill the requirements.

NOTE 6 - POSTRETIREMENT BENEFIT PLANS

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 Government 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 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age 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%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus and an additional factor ranging from .50% to 6.00% for the next nine years. In subsequent years, (10 and beyond) health care costs were assumed to increase at 4.00%.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 6 - POSTRETIREMENT BENEFIT PLANS - (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109 as of December 31, 2005. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$17,243. 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 were \$11.1 billion. At December 31, 2005, the actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 7 - CONTINGENT LIABILITY

LITIGATION

The District is not currently involved in litigation that the District's legal counsel anticipates a loss.

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2005, consisted of the following, as reported in the fund financial statements:

<u>Transfer to</u>	<u>Transfer From</u>
	<u>General</u>
Public Health Nursing	\$ 39,114
Nonmajor Governmental	<u>52,202</u>
Total	<u>\$ 91,316</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15.

- B. Advances for the year ended December 31, 2005, consisted of the following, as reported in the fund financial statements:

<u>Advance To</u>	<u>Advance From</u>
	<u>General</u>
Nonmajor Governmental	\$ <u>9,500</u>

The advances are expected to be repaid within one year.

NOTE 9 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the general fund and major special revenue funds:

**CARROLL COUNTY DISTRICT BOARD OF HEALTH
CARROLL COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 9 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

	<u>Net Change in Fund Cash Balance</u>			
	<u>General</u>	<u>TANF Subsidy</u>	<u>Public Health Nursing</u>	<u>Septic</u>
Cash Basis	\$ 77,222	\$ 9,627	\$ 25,374	\$ 44,895
Adjustment for Encumbrances	<u>(3,083)</u>	<u>-</u>	<u>(2,145)</u>	<u>(650)</u>
Budget Basis	<u>\$ 74,139</u>	<u>\$ 9,627</u>	<u>\$ 23,229</u>	<u>\$ 44,245</u>



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*

Carroll County District Board of Health
Carroll County
P. O. Box 98
301 Moody Avenue SW
Carrollton, Ohio 44615

To the District Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll County District Board of Health, Carroll County, (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 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 August 17, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Mary Taylor, CPA
Auditor of State

August 17, 2007



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

CARROLL 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
MAY 29, 2008**