



**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

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Mary Taylor, CPA

Auditor of State

Tuscarawas County Health Department
Tuscarawas County
897 East Iron Avenue
P.O. Box 443
Dover, Ohio 44622

To the Executive Director and Board of Health:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

September 28, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tuscarawas County Health Department
Tuscarawas County
897 East Iron Avenue
P.O. Box 443
Dover, Ohio 44622

To the Executive Director and Board of Health:

We have audited the accompanying financial statements of Tuscarawas County Health Department, Tuscarawas County, Ohio, (the Department) as of and for the year ended December 31, 2006. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Department to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006. Instead of the combined funds the accompanying financial statements present for 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006. While the Department does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Department has elected not to reformat its statements. Since this Department does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Department as of December 31, 2006, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Tuscarawas County Health Department, Tuscarawas County, Ohio, as of December 31, 2006, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Department to include Management's Discussion and Analysis for the year ended December 31, 2006. The Department has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2007, on our consideration of the Department'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.

We conducted our audit to opine on the financial statements that collectively comprise the Department's basic financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a Federal Awards Receipts and Expenditures Schedule. The schedule is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures 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.



Mary Taylor, CPA
Auditor of State

September 28, 2007

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$1,137,055			\$1,137,055
Contracts		\$108,320		108,320
Intergovernmental	451,186	1,347,501	\$25,000	1,823,687
Charges for Services	323,813	131,579		455,392
Fees, Licenses and Permits		309,363		309,363
Other	77,660	78,168	1,740	157,568
Total Cash Receipts	<u>1,989,714</u>	<u>1,974,931</u>	<u>26,740</u>	<u>3,991,385</u>
Cash Disbursements:				
Current:				
Personnel	1,061,986	1,323,727		2,385,713
Advertising		1,304		1,304
Travel/Conferences	8,423	30,544		38,967
Supplies	102,781	136,155		238,936
Equipment	14,657	60,742	17,619	93,018
Rentals		39,049		39,049
Contract Services	344,500	515,407		859,907
Remittance to State of Ohio	49,384	38,241		87,625
Other	39,376	18,301		57,677
Capital Improvement			4,624	4,624
Total Cash Disbursements	<u>1,621,107</u>	<u>2,163,470</u>	<u>22,243</u>	<u>3,806,820</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>368,607</u>	<u>(188,539)</u>	<u>4,497</u>	<u>184,565</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		67,000		67,000
Advances-In	147,950	206,450		354,400
Transfers-Out	(67,000)			(67,000)
Advances-Out	(206,450)	(147,950)		(354,400)
Total Other Financing Receipts/(Disbursements)	<u>(125,500)</u>	<u>125,500</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	243,107	(63,039)	4,497	184,565
Fund Cash Balances, January 1	<u>1,510,278</u>	<u>555,846</u>	<u>28,473</u>	<u>2,094,597</u>
Fund Cash Balances, December 31	<u>\$1,753,385</u>	<u>\$492,807</u>	<u>\$32,970</u>	<u>\$2,279,162</u>
Reserves for Encumbrances, December 31	<u>\$31,741</u>	<u>\$125,772</u>	<u>\$12,318</u>	<u>\$169,831</u>

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

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**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Tuscarawas County Health Department, Tuscarawas County, (the Department) as a body corporate and politic. A seven-member Board, a Health Commissioner, and an Executive Director govern the Department. The Department's services include immunization clinics, tuberculosis screenings, home visits and various licenses and permits including birth and death certificates and related services.

As health Departments are structured in Ohio, the County Auditor and County Treasurer, serve as fiscal officer and custodian of funds for the Department, respectively. As fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments. As the custodian of public funds, the County Treasurer invests the Department monies held on deposit in the County Treasury.

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

B. Basis of Accounting

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

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

C. Cash

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

D. Fund Accounting

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

1. General Fund

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

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund accounts for the Special Supplemental Nutrition Program.

Alcohol Fund - This fund is used to account for the purchase of service funds and Medicaid match to contract with the Alcohol, Drug Addiction, and Mental Health Services Board (ADAMHS) for an alcohol and other drug prevention and outpatient treatment program.

Tobacco Fund - This fund is used to account for funding for the Tobacco-Free Coalition of Northern Appalachia to implement tobacco prevention and use programs.

3. Capital Projects Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). The Permanent Improvement Fund is the Department's only Capital Projects Fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2006 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Department records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2006 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,780,600	\$2,137,664	\$357,064
Special Revenue	2,172,534	2,248,381	75,847
Capital Projects	25,000	26,740	1,740
Total	\$3,978,134	\$4,412,785	\$434,651

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,094,861	\$1,926,298	\$168,563
Special Revenue	2,524,276	2,437,192	87,084
Capital Projects	46,675	34,561	12,114
Total	\$4,665,812	\$4,398,051	\$267,761

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

3. INTERGOVERNMENTAL FUNDING

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

4. RETIREMENT SYSTEM

The Department's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006, OPERS members contributed 9 percent of their gross salaries. The Department contributed an amount equal to 13.7 percent of participants' gross salaries. The Department has paid all contributions required through December 31, 2006.

5. RISK MANAGEMENT

Commercial Insurance

The Department has obtained commercial insurance for the following risks:

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

6. INSURANCE PURCHASING POOL

The Department participates in a group rating plan for Workers' compensation through Tuscarawas County as established under Ohio Rev. Code Section 4123.29. The Department paid \$42,283 to Tuscarawas County to participate in the pool in 2006.

TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Grant Number	Program or Award Amount	Receipts	Expenditures
<u>U.S. Department of Agriculture</u>					
<i>(Passed through Ohio Department of Health)</i>					
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	79-1-001-1-CL-06 79-1-001-1-CL-07	\$300,662 305,162	\$188,828 <u>56,100</u>	\$240,497 <u>62,896</u>
Total U.S. Department of Agriculture				244,928	303,393
<u>U.S. Department of Health and Human Services</u>					
<i>(Passed through Ohio Department of Health)</i>					
Centers for Disease and Prevention Investigations and Technical Assistance	93.283	79-1-001-2-BI-06 79-1-001-2-BI-07	130,686 143,984	70,686 <u>40,000</u>	85,004 <u>33,170</u>
Total Centers for Disease and Prevention Investigations and Technical Assistance				110,686	118,174
Maternal and Child Health Services Block Grant to the States (CFHS)	93.994	79-1-001-MC-06 79-1-001-MC-07	51,002 51,002	25,500 <u>25,000</u>	25,500 <u>33,116</u>
Total Maternal and Child Health Services Block Grant (CFHS)				50,500	58,616
Family Planning Services	93.217	79-1-001-1-XX-06	47,530	<u>47,530</u>	<u>47,530</u>
Total U.S. Department of Health and Human Services				208,716	224,320
<u>U.S. Department of Transportation</u>					
<i>(Passed through the Ohio Department of Transportation)</i>					
State and Community Highway Safety	20.660	OPC-2006-79-00-00-00526 OPC-2007-79-00-00-00422-00	60,099 60,918	53,307	43,329 <u>11,591</u>
Total U.S. Department of Transportation				<u>53,307</u>	<u>54,920</u>
Total				<u>\$506,951</u>	<u>\$582,633</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this statement.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the Department's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – ACCOUNTING METHOD FOR EXPENDITURES

Federal funds were commingled with the local funds for the Maternal and Child Family Health Services Block Grant and Preventive Health Services Block Grant. It is assumed federal monies are expended first.



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

Tuscarawas County Health Department
Tuscarawas County
897 East Iron Avenue
P.O. Box 443
Dover, Ohio 44622

To the Executive Director and Board of Health:

We have audited the financial statements of the Tuscarawas County Health Department, Tuscarawas County, Ohio, (the Department) as of and for the year ended December 31, 2006, and have issued our report thereon dated September 28, 2007, wherein we noted the Department followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We qualified our report because the Department did not present GAAP financial statements. We conducted our audit in accordance with auditing standards general 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 Department's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Department's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Department'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 necessarily identify all internal control deficiencies over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider a significant deficiency.

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 Department'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 Department's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider Finding Number 2006-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Department'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 deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2006-001 is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Department'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 that we must report under *Government Auditing Standards*.

We noted a certain matter that we reported to the Department's management in a separate letter dated September 28, 2007.

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

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



Mary Taylor, CPA
Auditor of State

September 28, 2007



Mary Taylor, CPA

Auditor of State

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

Tuscarawas County Health Department
Tuscarawas County
897 East Iron Avenue
P.O. Box 443
Dover, Ohio 44622

To the Executive Director and Board of Health:

Compliance

We have audited the compliance of the Tuscarawas County Health Department, Tuscarawas County, Ohio, (the Department) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying Schedule of Findings identifies the Department's major federal program. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department'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 Department's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Department's compliance with those requirements.

In our opinion, the Tuscarawas County Health Department 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.

Internal Control Over Compliance

The Department's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Department'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 Department's internal control over compliance.

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

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

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

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

September 28, 2007

**TUSCARAWAS COUNTY HEALTH DEPARTMENT
TUSCARAWAS COUNTY**

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

SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2006-001

Material Weakness and Significant Deficiency

Income Verification

During our testing of charges for services receipts (clinic, dental, family planning, and alcohol), we noted the following weaknesses or errors:

- For 8 out of 40 alcohol client invoices tested, clients were charged a lesser percentage than the percentage calculated using the client's income verification compared to the Department's Sliding Fee Scale. Also, for 7 out of 40 alcohol client invoices tested, clients were charged a percentage of the total bill; however, no income verification was on file to support the percentage charged. These errors resulted in a projected error of \$36,227;
- The Department implements a policy that income documentation must be no older than 30 days from the date of service, however, this policy is not in the approved income verification policy;
- For 1 out of 145 invoices (clinic, dental, family planning, and alcohol) tested, payment for services rendered was not able to be verified to a payment screen on the Accounting Department's computer to show a payment made, balance due, or amount in collections. This resulted in a projected error of \$928;
- Since employees of the Department can also be clients, certain employees have access to their own billing information;
- While the Department policy is to pursue clients through a collections process if payment is not within 90 days, that same policy is not applied to their own employees.

As a result of a lack of implementing Department policy and no formal segregation of duties policy, the risk of charges for services receipts being misappropriated is significantly increased.

The Department should implement the following:

- The Department should restructure who handles the client's charts in the Alcohol Department to help ensure the proper income verification information is on file and the correct percentage of the total bill is calculated;
- The Department should update the approved income verification policy to include language regarding income verification within 30 days of the date of service;
- The Department should implement a policy that does not permit employees to have computer access to their own billing accounts. The Department should also program the computer system to assign initials of Department employees who make changes to client's accounts, (i.e. payments, adjustments, etc.);
- The Department should include employees in the same collections policy as other clients if payment is not made within 90 days.

This will help reduce the risk that Charges for Services receipts are misappropriated.

Officials' Response: The Department will implement new policy or change current policy to reflect clarification on income verification guidelines, employee access to billing accounts and collection procedures for services provided to the Department's own employees.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

HEALTH DEPARTMENT

TUSCARAWAS 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**