



Mary Taylor, CPA
Auditor of State

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

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Mary Taylor, CPA

Auditor of State

Combined General Health District
Jackson County
200 Main Street
Jackson, Ohio 45640

To the 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 an 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 adverse 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.

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Mary Taylor, CPA
Auditor of State

May 2, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Combined General Health District
Jackson County
200 Main Street
Jackson, Ohio 45640

To the Board of Health:

We have audited the accompanying financial statements of the Combined General Health District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the District'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 District 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting its larger (i.e., major) funds separately. While the District 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 District has elected not to reformat its statements. Since this District 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 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, 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 of the Combined General Health District, Jackson County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District 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 May 2, 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.



Mary Taylor, CPA
Auditor of State

May 2, 2007

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>Fiduciary Funds</u>	
Cash Receipts:				
Intergovernmental	\$ 417,338	\$ 446,761	\$	\$ 864,099
Permits	53,404	860		54,264
Other fees	44,132	45,951		90,083
Licenses	0	111,708		111,708
Contractual services	66,093	0		66,093
Other receipts	6,392	13,474		19,866
	<u>587,359</u>	<u>618,754</u>	<u>0</u>	<u>1,206,113</u>
Total Cash Receipts				
Cash Disbursements:				
Salaries	353,899	97,216		451,115
Supplies	32,656			32,656
Remittances to State	1,446	6,844		8,290
Contracts - Repair	1,097			1,097
Contracts - Services	10,712	105		10,817
Travel	22,158	5,319		27,477
Advertising and printing	4,122			4,122
Public employee's retirement	48,736	13,864		62,600
Worker's compensation	9,842	2,650		12,492
Unemployment compensation		52		52
Other	53,191	579,677		632,868
	<u>537,859</u>	<u>705,727</u>	<u>0</u>	<u>1,243,586</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>49,500</u>	<u>(86,973)</u>	<u>0</u>	<u>(37,473)</u>
Other Financing Receipts/(Disbursements):				
Refunds	312			312
Other sources			142,262	142,262
Other Uses			(150,882)	(150,882)
	<u>312</u>	<u>0</u>	<u>(8,620)</u>	<u>(8,308)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	49,812	(86,973)	(8,620)	(45,781)
Fund Cash Balances, January 1	<u>(34,305)</u>	<u>196,533</u>	<u>83,445</u>	<u>245,673</u>
Fund Cash Balances, December 31	<u>\$ 15,507</u>	<u>\$ 109,560</u>	<u>\$ 74,825</u>	<u>\$ 199,892</u>

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

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Intergovernmental	\$ 353,527	\$ 503,321	\$	\$ 856,848
Permits	38,894	665		39,559
Other fees	39,808	2,350		42,158
Licenses		103,472		103,472
Contractual services	96,999			96,999
Other receipts	26,769	24,735		51,504
	<u>555,997</u>	<u>634,543</u>	<u>0</u>	<u>1,190,540</u>
Total Cash Receipts				
Cash Disbursements:				
Salaries	392,263	84,282		476,545
Supplies	44,817			44,817
Remittances to State		7,681		7,681
Equipment	1,297			1,297
Contracts - Repair	248			248
Contracts - Services	9,548			9,548
Travel	22,027	10,977		33,004
Advertising and printing	9,654			9,654
Public employee's retirement	51,044	11,236		62,280
Worker's compensation	8,054	1,299		9,353
Other	64,808	561,962		626,770
	<u>603,760</u>	<u>677,437</u>	<u>0</u>	<u>1,281,197</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(47,763)</u>	<u>(42,894)</u>	<u>0</u>	<u>(90,657)</u>
Other Financing Receipts/(Disbursements):				
Other sources			134,023	134,023
Other Uses			(132,575)	(132,575)
	<u>0</u>	<u>0</u>	<u>1,448</u>	<u>1,448</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(47,763)</u>	<u>(42,894)</u>	<u>1,448</u>	<u>(89,209)</u>
Fund Cash Balances, January 1	<u>13,458</u>	<u>239,427</u>	<u>81,997</u>	<u>334,882</u>
Fund Cash Balances, December 31	<u><u>\$ (34,305)</u></u>	<u><u>\$ 196,533</u></u>	<u><u>\$ 83,445</u></u>	<u><u>\$ 245,673</u></u>

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

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 Combined General Health District, Jackson County (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District and are responsible for the administration of all health programs established by the Revised Code, the Ohio department of Health, and the Public Health Council. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

Additionally, the District serves as the administrative agent for the Jackson County Family and Children First Council. The activities of the Family and Children First Council are reported as an Agency Fund within the financial statements.

The District's management believes these financial statements present all activities for which the District 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 District 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 District's cash. The County's cash and investment pool holds the District's assets, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District 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.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(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 District had the following significant Special Revenue Funds:

Solid Waste Fund – This fund receives grant funds from a local solid waste district for landfill inspections, as well as fees for solid waste landfill licenses.

Help Me Grow (HMG) Fund – This fund receives monies for providing contractual services to qualified clients of the Jackson County Family and Children First Council. .

3. Fiduciary Funds (Agency Funds)

These funds account for resources for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

Family and Children First Council Fund – This fund received grant monies for the provision of services to children and families.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds).

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 2.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

The District 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 years ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 633,721	\$ 587,671	\$ (46,050)
Special Revenue	597,319	618,754	21,435
Total	\$ 1,231,040	\$ 1,206,425	\$ (24,615)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 636,416	\$ 537,859	\$ 98,557
Special Revenue	785,414	705,727	79,687
Total	\$ 1,421,830	\$ 1,243,586	\$ 178,244

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 617,416	\$ 555,997	\$ (61,419)
Special Revenue	654,450	634,543	(19,907)
Total	\$ 1,271,866	\$ 1,190,540	\$ (81,326)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 617,416	\$ 603,760	\$ 13,656
Special Revenue	841,325	677,437	163,888
Total	\$ 1,458,741	\$ 1,281,197	\$ 177,544

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. INTERGOVERNMENTAL FUNDING

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

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$199,884 in 2006 and \$185,853 in 2005. The financial statements present these amounts as intergovernmental receipts.

4. RETIREMENT SYSTEM

The District'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 2005, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. For 2006, OPERS members contributed 9.0 percent of their gross salaries. The District contributed an amount equaling 13.70 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance, life insurance, and dental and vision coverage to full-time employees through a commercial carrier.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. RELATED PARTY TRANSACTIONS

The executive director of the Gallia, Jackson, Meigs and Vinton Solid Waste District was appointed to the Board of Health by the licensing council in April 2002. The Solid Waste District provided \$25,000 in 2006 and \$25,000 in 2005 in financial assistance for solid waste landfill licensing and inspection activities according to a contract between the Jackson County Combined General Health District and the Solid Waste District entered into prior to April, 2002.

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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*

Combined General Health District
Jackson County
200 Main Street
Jackson, Ohio 45640

To the Board of Health:

We have audited the financial statements of the Combined General Health District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005 and have issued our report thereon dated May 2, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 other matters that we reported to the District's management in a separate letter dated May 2, 2007.

Compliance and Other Matters

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

We also noted a certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 2, 2007.

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

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

Mary Taylor, CPA
Auditor of State

May 2, 2007

COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	A material noncompliance citation was issued under Ohio Rev Code 3709.28 for appropriations exceeding estimated resources.	Yes	



Mary Taylor, CPA
Auditor of State

COMBINED GENERAL HEALTH DISTRICT

JACKSON 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
JUNE 14, 2007**