



Mary Taylor, CPA  
Auditor of State



**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

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WASHINGTON COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Washington County, Ohio (the Health District), as of and for the year ended December 31, 2007, which collectively comprise the Health District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Washington County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Public Health Nursing, Cardiovascular Health, Public Health Infrastructure and Dental Clinic Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2008, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

June 26, 2008

District Board of Health  
Washington County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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The discussion and analysis of the Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2007, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

### **Financial Highlights**

Key financial highlights for the year 2007 are as follows:

- Net assets increased \$59,735.
- Fiscal year 2007 was the first full fiscal year of operation for the Dental Clinic under the administration of the Health District. With \$365,155 in revenue, it generated the most revenue and expenditures of the Health District's funds.
- The Health District received over \$1.2 million from other government sources, including Medicaid, Medicare and the Ohio Department of Health.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Health District's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District Board of Health as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Health District, presenting both an aggregate view of the Health District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Health District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

District Board of Health  
Washington County  
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For the Year Ended December 31, 2007  
Unaudited

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

***Reporting the Health District as a Whole***

The statement of net assets and the statement of activities reflect how the Health District did financially during 2007, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other non-financial factors as well such as the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

***Reporting the Health District's Most Significant Funds***

*Fund Financial Statements*

Fund financial statements provide detailed information about the Health District's major funds – not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Health District are governmental.

***Governmental Funds*** - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund, Public Health Nursing Fund, Cardiovascular Health Fund, Public Health Infrastructure 2007 Fund, and Dental Clinic Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



District Board of Health  
Washington County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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**The Health District as a Whole**

Table 1 provides a summary of the Health District's net assets for 2007 compared to 2006 on a cash basis:

**Table 1**  
**Net Assets – Cash Basis**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$226,396	\$166,661	\$59,735
Total Assets	226,396	166,661	59,735
Net Assets			
Restricted	186,027	142,403	43,624
Unrestricted	40,369	24,258	16,111
Total Net Assets	\$226,396	\$166,661	\$59,735

As mentioned previously, net assets increased \$59,735. The increase is due primarily to the addition of the Dental Clinic whose first full fiscal year of operation was 2007.

Table 2 reflects the change in net assets in 2007 and provides a comparison to prior year amounts.

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Washington County  
Management's Discussion and Analysis  
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Unaudited

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Receipts</b>			
Program Receipts:			
Charges for Services and Sales	\$338,751	\$360,061	(\$21,310)
Operating Grants and Contributions	987,045	652,351	334,694
<b>Total Program Receipts</b>	<b>1,325,796</b>	<b>1,012,412</b>	<b>313,384</b>
General Receipts:			
Grants and Entitlements not Restricted to Specific Programs	237,760	222,672	15,088
Miscellaneous	87,331	17,932	69,399
<b>Total General Receipts</b>	<b>325,091</b>	<b>240,604</b>	<b>84,487</b>
<b>Total Receipts</b>	<b>1,650,887</b>	<b>1,253,016</b>	<b>397,871</b>
<b>Disbursements</b>			
Environmental	162,437	158,689	3,748
Nursing	230,220	226,049	4,171
Vital Statistics	32,071	25,846	6,225
Commercial Plumbing	31,404	52,236	(20,832)
Cardiovascular Health	227,991	207,891	20,100
Preparedness	370,547	283,564	86,983
Dental Sealant	39,111	41,420	(2,309)
Administration	156,417	181,927	(25,510)
Dental Clinic	340,954	89,723	251,231
<b>Total Disbursements</b>	<b>1,591,152</b>	<b>1,267,345</b>	<b>323,807</b>
<b>Change in Net Assets</b>	<b>59,735</b>	<b>(14,329)</b>	<b>74,064</b>
<b>Net Assets, Beginning of Year</b>	<b>166,661</b>	<b>180,990</b>	<b>(14,329)</b>
<b>Net Assets, End of Year</b>	<b>\$226,396</b>	<b>\$166,661</b>	<b>\$59,735</b>

In 2007, 19.69 percent of the Health District's total receipts were from general receipts, consisting mainly of grants and entitlements. Program receipts accounted for 80.31 percent of the Health District's total receipts in year 2007. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools, plumbing permits, immunizations and sewage system permits and state and federal operating grants.

The 2007 disbursements increased in part due to the Dental Clinic operating for the first full fiscal year in 2007 and an increase in the Public Health Infrastructure grant.

District Board of Health  
Washington County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
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**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Preparedness and the Dental Clinic, which account for 23.29% and 21.43% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>
Environmental	\$ 162,437	\$ 44,905	\$ 158,689	\$ 1,197
Nursing	230,220	36,494	226,049	51,329
Vital Statistics	32,071	9,694	25,846	4,572
Commercial Plumbing	31,404	(5,146)	52,236	4,799
Cardiovascular Health	227,991	9,991	207,891	(7,509)
Preparedness	370,547	36,814	283,564	45,886
Dental Sealant	39,111	(1,232)	41,420	(6,767)
Administration	156,417	156,417	181,927	181,927
Dental Clinic	340,954	(22,581)	89,723	(20,501)
<b>Totals</b>	<b>\$ 1,591,152</b>	<b>\$ 265,356</b>	<b>\$ 1,267,345</b>	<b>\$ 254,933</b>

The Health District has tried to limit its dependence upon local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 17 percent of the Health District costs are supported through unrestricted grants and other general receipts.

The Commercial Plumbing and Dental Clinic programs are self-supporting through charges for services and operating grants, while Dental Sealant was funded through operating grants in roughly equal amounts. While not entirely self-supporting, Preparedness and Cardiovascular Health were primarily funded by operating grants which required a local portion of grant costs.

**The Health District's Funds**

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

The focus of the Health District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the year.

District Board of Health  
Washington County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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At the end of 2007, the Health District's governmental funds reported total ending fund balances of \$226,396. \$198,416 of the total is unreserved fund balance, which is available for spending. The remainder of fund balance is reserved to indicate it is not available for new spending.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The general fund is the chief operating fund of the Health District. At the end of 2007, unreserved fund balance in the general fund was \$37,016. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 11.57% of the total general fund expenditures.

Revenues exceeded expenditures in the general fund by \$16,111 in 2007. License and permit fees and charges for services account for 6.85% of revenues in the general fund. Intergovernmental revenues consist of payments from the townships, villages and cities in the Health District. Administration accounts for the majority of expenditures in the general fund.

The Public Health Infrastructure 2007 Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the Health Emergency Operation Plan, and all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with the involvement of key partners in the Health District as well as regional partners. At the end of 2007 the fund balance was \$1.

The Dental Clinic Special Revenue Fund accounts for grant monies and client fees for the operation of the Southeastern Ohio Dental Clinic. At the end of 2007, the unreserved fund balance was \$44,808.

### **General Fund Budgeting Highlights**

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

During the course of 2007, the Health District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were significant changes between the original and the final estimated receipts in the Cardiovascular Health Fund and Public Health Infrastructure Fund due to increased grant amounts. Appropriations for those funds increased based on an expansion of the programs.

### **Contacting the Health District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jeannie Farnsworth, Administrative Assistant, 342 Muskingum Drive, Marietta, Ohio 45750.

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF NET ASSETS- CASH BASIS  
DECEMBER 31, 2007**

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 226,396
<i>Total Assets</i>	\$ 226,396
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$ 186,027
Unrestricted	40,369
<i>Total Net Assets</i>	\$ 226,396

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Environmental	\$ 162,437	\$ 115,791	\$ 1,741	\$ (44,905)
Nursing	230,220	125,849	67,877	(36,494)
Vital Statistics	32,071	22,377		(9,694)
Commercial Plumbing	31,404	36,550		5,146
Cardiovascular Health	227,991		218,000	(9,991)
Preparedness	370,547		333,733	(36,814)
Dental Sealant	39,111		40,343	1,232
Administration	156,417			(156,417)
Dental Clinic	340,954	38,184	325,351	22,581
<i>Total Governmental Activities</i>	<u>\$ 1,591,152</u>	<u>\$ 338,751</u>	<u>\$ 987,045</u>	<u>(265,356)</u>
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				237,760
Miscellaneous				87,331
<i>Total General Receipts</i>				<u>325,091</u>
Change in Net Assets				59,735
<i>Net Assets Beginning of Year</i>				<u>166,661</u>
<i>Net Assets End of Year</i>				<u>\$ 226,396</u>

See accompanying notes to the basic financial statements

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**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>General</u>	<u>Public Health Nursing</u>	<u>Cardiovascular Health</u>	<u>Public Health Infrastructure 2007</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 40,369	\$ 66,519	\$ 13,369	\$ 1
<i>Total Assets</i>	<u>\$ 40,369</u>	<u>\$ 66,519</u>	<u>\$ 13,369</u>	<u>\$ 1</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$ 3,353	\$ 5,807	\$ 5,307	\$
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	37,016			
Special Revenue Funds		60,712	8,062	1
<i>Total Fund Balances</i>	<u>\$ 40,369</u>	<u>\$ 66,519</u>	<u>\$ 13,369</u>	<u>\$ 1</u>

See accompanying notes to the basic financial statements



Dental Clinic	Other Governmental Funds	Total Governmental Funds
\$ 48,908	\$ 57,230	\$ 226,396
<u>\$ 48,908</u>	<u>\$ 57,230</u>	<u>\$ 226,396</u>
\$ 4,100	\$ 9,413	\$ 27,980
44,808	47,817	37,016
<u>\$ 48,908</u>	<u>\$ 57,230</u>	<u>\$ 226,396</u>

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Public Health Nursing	Cardiovascular Health	Public Health Infrastructure 2007
<b>Cash Receipts</b>				
Intergovernmental	\$ 239,501	\$ 67,877	\$ 198,000	\$ 272,541
Fines, Licenses and Permits	638			
Charges for Services	22,376	125,849		
Miscellaneous	73,462	11,283		197
<i>Total Cash Receipts</i>	<u>335,977</u>	<u>205,009</u>	<u>198,000</u>	<u>272,738</u>
<b>Cash Disbursements</b>				
Current:				
Environmental	30,080			60
Nursing	61,800	151,175		13,792
Vital Statistics	32,071			
Commercial Plumbing	2,408			
Cardiovascular Health	7,863	5,847	189,489	
Preparedness	59,524	6,364		255,742
Dental Sealant	144			
Administration	109,087	11,820	2,068	3,162
Dental Clinic	16,889			
<i>Total Cash Disbursements</i>	<u>319,866</u>	<u>175,206</u>	<u>191,557</u>	<u>272,756</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>16,111</u>	<u>29,803</u>	<u>6,443</u>	<u>(18)</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	50,000			
Advances In	5,000			
Other Financing Uses	(50,000)			
Advances Out	(5,000)			
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	16,111	29,803	6,443	(18)
<i>Fund Balances Beginning of Year</i>	<u>24,258</u>	<u>36,716</u>	<u>6,926</u>	<u>19</u>
<i>Fund Balances End of Year</i>	<u>\$ 40,369</u>	<u>\$ 66,519</u>	<u>\$ 13,369</u>	<u>\$ 1</u>

See accompanying notes to the basic financial statements

Dental Clinic	Other Governmental Funds	Total Governmental Funds
\$ 325,352	\$ 101,535	\$ 1,204,806
	134,752	135,390
38,072	16,939	203,236
1,731	20,782	107,455
<u>365,155</u>	<u>274,008</u>	<u>1,650,887</u>
	132,297	162,437
	3,453	230,220
		32,071
	28,996	31,404
	24,792	227,991
1	48,916	370,547
	38,967	39,111
11,596	18,684	156,417
324,065		340,954
<u>335,662</u>	<u>296,105</u>	<u>1,591,152</u>
<u>29,493</u>	<u>(22,097)</u>	<u>59,735</u>
		50,000
	5,000	10,000
		(50,000)
	(5,000)	(10,000)
<u>0</u>	<u>0</u>	<u>0</u>
29,493	(22,097)	59,735
<u>19,415</u>	<u>79,327</u>	<u>166,661</u>
<u>\$ 48,908</u>	<u>\$ 57,230</u>	<u>\$ 226,396</u>

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Intergovernmental	\$ 237,000	\$ 239,501	\$ 239,501	\$ -
Fines, Licenses and Permits	57,230	268	638	370
Charges for Services	18,000	18,000	22,376	4,376
Miscellaneous		65,186	73,462	8,276
<i>Total Receipts</i>	<u>312,230</u>	<u>322,955</u>	<u>335,977</u>	<u>13,022</u>
<b>Disbursements</b>				
Current:				
Environmental			30,121	(30,121)
Nursing			61,819	(61,819)
Vital Statistics			34,185	(34,185)
Commercial Plumbing			2,408	(2,408)
Cardiovascular Health			7,863	(7,863)
Preparedness			59,524	(59,524)
Dental Sealant			144	(144)
Administration	315,367	331,200	110,266	220,934
Dental Clinic			16,889	(16,889)
<i>Total Disbursements</i>	<u>315,367</u>	<u>331,200</u>	<u>323,219</u>	<u>7,981</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,137)</u>	<u>(8,245)</u>	<u>12,758</u>	<u>21,003</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources			50,000	50,000
Advances In		50,000	5,000	(45,000)
Other Financing Uses			(50,000)	(50,000)
Advances Out		(50,000)	(5,000)	45,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(3,137)	(8,245)	12,758	21,003
Prior Year Encumbrances Appropriated	3,861	3,861	3,861	0
<i>Fund Balances Beginning of Year</i>	<u>20,397</u>	<u>20,397</u>	<u>20,397</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 21,121</u>	<u>\$ 16,013</u>	<u>\$ 37,016</u>	<u>\$ 21,003</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
PUBLIC HEALTH NURSING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 54,955	\$ 34,455	\$ 67,877	\$ 33,422
Charges for Services	70,750	84,750	125,849	41,099
Miscellaneous	49,500	63,746	11,283	(52,463)
<i>Total Receipts</i>	<u>175,205</u>	<u>182,951</u>	<u>205,009</u>	<u>22,058</u>
<b>Disbursements</b>				
Current:				
Nursing	177,861	185,007	156,982	28,025
Cardiovascular Health			5,847	(5,847)
Preparedness			6,364	(6,364)
Administration			11,820	(11,820)
<i>Total Disbursements</i>	<u>177,861</u>	<u>185,007</u>	<u>181,013</u>	<u>3,994</u>
<i>Net Change in Fund Balances</i>	(2,656)	(2,056)	23,996	26,052
Prior Year Encumbrances Appropriated	2,891	2,891	2,891	0
<i>Fund Balances Beginning of Year</i>	<u>33,825</u>	<u>33,825</u>	<u>33,825</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 34,060</u>	<u>\$ 34,660</u>	<u>\$ 60,712</u>	<u>\$ 26,052</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
CARDIOVASCULAR HEALTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$	\$ 198,000	\$ 198,000	\$ 0
<i>Total Receipts</i>	<u>0</u>	<u>198,000</u>	<u>198,000</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Cardiovascular Health	6,926	204,926	194,796	10,130
Administration			2,068	(2,068)
<i>Total Disbursements</i>	<u>6,926</u>	<u>204,926</u>	<u>196,864</u>	<u>8,062</u>
<i>Net Change in Fund Balances</i>	(6,926)	(6,926)	1,136	8,062
Prior Year Encumbrances Appropriated	1,964	1,964	1,964	0
<i>Fund Balances Beginning of Year</i>	<u>4,962</u>	<u>4,962</u>	<u>4,962</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,062</u>	<u>\$ 8,062</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
PUBLIC HEALTH INFRASTRUCTURE 2007 FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$	\$ 272,738	\$ 272,541	\$ (197)
Miscellaneous			197	197
<i>Total Receipts</i>	<u>0</u>	<u>272,738</u>	<u>272,738</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Environmental			60	(60)
Nursing			13,792	(13,792)
Preparedness	192,756	272,757	255,742	17,015
Administration			3,162	(3,162)
<i>Total Disbursements</i>	<u>192,756</u>	<u>272,757</u>	<u>272,756</u>	<u>1</u>
<i>Net Change in Fund Balances</i>	(192,756)	(19)	(18)	1
Prior Year Encumbrances Appropriated	7,890	7,890	7,890	0
<i>Fund Balances Beginning of Year</i>	<u>(7,871)</u>	<u>(7,871)</u>	<u>(7,871)</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ (192,737)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
DENTAL CLINIC FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 185,000	\$ 327,000	\$ 325,352	\$ (1,648)
Charges for Services	85,000	37,565	38,072	507
Miscellaneous	16,000	1,732	1,731	(1)
<i>Total Receipts</i>	<u>286,000</u>	<u>366,297</u>	<u>365,155</u>	<u>(1,142)</u>
<b>Disbursements</b>				
Current:				
Preparedness			1	(1)
Administration			11,596	(11,596)
Dental Clinic	289,795	360,498	328,165	32,333
<i>Total Disbursements</i>	<u>289,795</u>	<u>360,498</u>	<u>339,762</u>	<u>20,736</u>
<i>Net Change in Fund Balances</i>	(3,795)	5,799	25,393	19,594
Prior Year Encumbrances Appropriated	4,328	4,328	4,328	0
<i>Fund Balances Beginning of Year</i>	<u>15,087</u>	<u>15,087</u>	<u>15,087</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$ 15,620</u>	<u>\$ 25,214</u>	<u>\$ 44,808</u>	<u>\$ 19,594</u>

See accompanying notes to the basic financial statements



District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 1 – Reporting Entity**

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

**Primary Government**

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

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

Public Health Infrastructure 2007 Fund – This fund accounts for the grant funds awarded by the Ohio Department of Health for this particular program.

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

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

District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

**C. Basis of Accounting**

The Health District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Health District are described in the appropriate section in this note.

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the County Budget Commission. Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the County Budget Commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

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

District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

**E. Cash and Investments**

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County Treasurer, Dorothy Peppel, 205 Putnam Street, Marietta, Ohio 45750.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Health District's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

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

District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include programs mandated by the Ohio Revised Code and grants awarded by the Ohio Department of Health or other agencies.

The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

N. Fund Balance Reserves

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

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$3,353
Major Special Revenue Funds:	
Public Health Nursing Fund	5,807
Cardiovascular Health Fund	5,307
Dental Clinic Fund	4,100

District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 4 – Risk Management**

**Risk Pool Membership**

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

**Casualty Coverage**

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

**Note 5 - Defined Benefit Pension Plans**

The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Health District's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2007, 2006 and 2005 were \$98,950, \$79,099 and \$50,112, respectively. One hundred percent has been contributed for 2007 and 2006. There were no member-directed plans.

District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 6 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll. The portion of employer contributions allocated to the health care plan was 5 percent from January 1 through June 30, 2007 and 6 percent from July 1 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase 0.5 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 374,979 for 2007. Actual employer contributions which were used to fund postemployment benefits were \$39,294 for 2007. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2007, which will allow additional funds to be allocated to the health care plan.

District Board of Health  
Washington County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

**Note 7 – Lease Agreements**

The Health District entered into lease agreements in 2006 for three 2006 Jeep Liberties. The Jeeps were financed through Daimler Chrysler over three years. The scheduled payments under these lease obligations are as follows:

Year Ended December 31	Jeep Liberties
2008	\$ 11,388
2009	6,643
Total Minimum Lease Payments	\$ 18,031

**Note 8 – Notes Payable**

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

	Interest Rate	Balance December 31, 2006	Additions	Deletions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
Notes Payable						
Advantage Bank (Honda CRV)	8.75%	5,202	\$ -	\$ 3,392	\$ 1,810	\$ 1,810

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

	Honda CRV	
Year	Principal	Interest
2008	\$ 1,810	\$ 46

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed-through Ohio Department of Health:</i>			
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	84-1-001-2-BI-07 84-1-001-2-PI-01-08	\$ 272,559 <u>45,718</u>
Total Centers for Disease Control and Prevention-Investigations and Technical Assistance			<u>318,277</u>
Preventive Health and Health Services Block Grant	93.991	84-1-001-2-ED-07	191,558
Maternal and Child Health Services Block Grant to the States	93.994	84-1-001-1-AJ-07	<u>33,444</u>
Total United States Department of Health and Human Services			<u>543,279</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 543,279</u></b>

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

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Washington County, Ohio (the Health District), as of and for the year ended December 31, 2007, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated June 26, 2008, wherein we noted the Health District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Health District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessary identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain 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 Health District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Health District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Health District's management in a separate letter dated June 26, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Health District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2007-001.

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

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

We intend this report solely for the information and use of the audit committee, management, 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

June 26, 2008



# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Health:

#### Compliance

We have audited the compliance of the District Board of Health, Washington County, Ohio (the Health District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Health District's major federal program. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Health District's compliance based on our audit.

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

In our opinion, the Health District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

In a separate letter to the Health District's management dated June 26, 2008, we reported other matters related to federal noncompliance not requiring inclusion in this report.

### Internal Control Over Compliance

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Health District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control over compliance.

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

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. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Health District's management in a separate letter dated June 26, 2008.

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

June 26, 2008

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Noncompliance Citation and Significant Deficiency**

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

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

Numerous posting errors were noted as follows:

- Amounts in the Health District's financial statements did not agree to amounts in the District's ledgers as follows:
  - Charges for Services in the General Fund was overstated by \$192;
  - Intergovernmental was understated by \$141 while Charges for Services and Miscellaneous Receipts were overstated by \$45 and 96, respectively, in the Public Health Nursing Fund;
  - Miscellaneous Receipts in the Dental Clinic Fund were understated by \$51;
  - Charges for Services in the Non-Major Funds were overstated by \$1,830;
  - Licenses, permits and fees in Non-Major Funds were understated by \$3,325;
  - Fund balances beginning of the year were understated by \$975 in the Public Health Nursing Fund, \$679 in the Dental Clinic Fund and by \$34,391 in the Non-Major Funds.
- Six Medicaid/Medicare receipts totaling \$1,056 were received in 2007 but posted to the system in 2008 in the Public Health Nursing Fund;
- Three Medicaid/Medicare receipts totaling \$308 were improperly posted as charges for services instead of intergovernmental revenue in the Public Health Nursing Fund;
- Advances in and out of \$50,000 and \$5,000 were improperly classified as transfers in the General Fund and Non-Major Funds;
- An other financing sources/uses transaction of \$50,000 was improperly posted as an advance in and out in the General Fund;
- Two receipts of \$10,000 each were improperly posted as charges for services instead of as miscellaneous revenue in the Non-Major Funds;
- Fund balances beginning of year on the budget and actual statements were overstated as follows: General Fund by \$3,860, Public Health Nursing Fund by \$45, Cardiovascular Health Fund by \$1,964, Public Health Infrastructure 2007 Fund by \$7,890 and Dental Clinic Fund by \$3,649.
- Outstanding encumbrances were not included as actual disbursement amounts on the budget and actual statements in the amount of \$3,353 in the General Fund, \$5,807 in the Public Health Nursing Fund, \$5,307 in the Cardiovascular Health Fund and \$4,100 in the Dental Clinic Fund;
- Carry-over encumbrances were not included as original budgeted disbursements on the budget and actual statements in the amount of \$3,860 in the General Fund, \$2,891 in the Public Health Nursing Fund, \$1,964 in the Cardiovascular Fund, \$4,329 in the Dental Clinic Fund and \$7,890 in the Public Health Infrastructure 2007 Fund;



**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007  
(Continued)**

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

**FINDING NUMBER 2007-001 (Continued)**

**Noncompliance Citation and Significant Deficiency (Continued)**

- Final budgeted disbursements on the budget and actual statement for the Dental Clinic fund were overstated by \$17,441; and
- Prior year encumbrances appropriated on the budget and actual statement were overstated by \$987 in the Public Health Nursing Fund and \$230 in the Dental Clinic Fund.

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

We recommend the Health District take due care when posting transactions in the system and to the financial statements.

**Officials' Response:** Additional training with staff that post receipts to the system will be provided. Additional care will be taken with classification of receipts and expenditures on the financial statements.

**3. FINDINGS FOR FEDERAL AWARDS**

None noted.

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2006-001	Ohio Admin. Code Sections 117-2-02(A) and 117-2-02(C)(1) - The Health District had numerous posting errors to actual receipts and expenditures, as well as to budgetary amounts.	No	Not Corrected; reissued as Finding Number 2007-001 in the Schedule of Findings.
2006-002	Ohio Rev. Code Section 5705.41(B) - Expenditures exceeded appropriations at the fund level at December 31, 2006 in five funds.	Yes	N/A
2006-003	Ohio Department of Health Grants Administration Policy and Procedures Manual Section 105 - The Health District's year-to-date expenditures and outstanding obligations on the quarterly and final expenditure reports did not agree to the Health District's accounting records.	Yes	N/A

**DISTRICT BOARD OF HEALTH  
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2007  
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2006-004	Ohio Department of Health Grants Administration Policy and Procedure Manual Section 101.5 - Amounts reported on the Subgrantee Program Expenditure Report for outstanding obligations included only current unpaid bills and did not include unliquidated encumbrances for the Dental Sealant grant. Also supporting documentation was not maintained for the outstanding obligations reported on two of the three reports which included outstanding obligations.	Yes	N/A
2006-005	Ohio Department of Health Grants Administration Policy and Procedure Manual Section 105 - The Grant Status Reports for the Dental Sealant grant did not agree to the amounts on the Health District's Expense Journal.	Yes	N/A





**Mary Taylor, CPA**  
Auditor of State

**WASHINGTON COUNTY DISTRICT BOARD OF HEALTH**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 31, 2008**