



***MEIGS COUNTY DISTRICT BOARD OF HEALTH***

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**Regular Audit**

**For the Year Ended  
December 31, 2008**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







Mary Taylor, CPA  
Auditor of State

Board of Directors  
Meigs County District Board of Health  
112 East Memorial Drive  
Pomeroy, Ohio 45769

We have reviewed the *Independent Accountant's Report* of the Meigs County District Board of Health, Meigs County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Meigs County District Board of Health is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 20, 2009

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**MEIGS COUNTY DISTRICT BOARD OF HEALTH**

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*For the Year Ended December 31, 2008*

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## Independent Accountant's Report

Board of Directors  
Meigs County District Board of Health  
112 East Memorial Drive  
Pomeroy, OH 45769

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meigs County District Board of Health (the District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. 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 in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2008, and the respective changes in financial position and the respective budgetary comparisons for the General, Federal WIC, and the 2005 ARC Dental Clinic Funds for the year then ended in conformity with the cash basis of accounting presented in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 7, 2009 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 grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

Board of Directors  
Meigs County District Board of Health  
Independent Accountant's Report

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 applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

April 7, 2009



**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**  
**Unaudited**

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This discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2008, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2008 are as follows:

The District's receipts are derived from three primary sources: Grant funding, charges for services, and property taxes. A smaller amount is derived from miscellaneous sources. In 2008, grant funding accounted for 54% of receipts while other sources represented 46% of receipts.

Net cash assets decreased from 2007 to 2008 by \$62,745. The decrease was due primarily to decreased operating costs, steady grant funding, and small increased Medicaid payments, reduced retirement payouts and no staff salary increases including decreased health insurance costs.

**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 District's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the 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 basic 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 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 District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**  
**Unaudited**

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Because 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 District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during 2008, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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 cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, one can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, one should also consider other nonfinancial factors as well such as the District property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, all of the District's activities are reported as governmental. State and Federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**  
**Unaudited**

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**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds — not the District as a whole. The District establishes separate funds for better management of 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 District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the fund financial statements in separate columns. The District's major governmental funds are the General Fund, the Federal (State pass-through) WIC Fund, and the 2005 ARC Dental Clinic Fund. The programs reported in governmental funds are those reported in the Governmental Activities section of the entity-wide statements.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio Law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the year 2008, the District amended its general fund budget to reflect changing circumstances.

- Final General Fund disbursements were budgeted at \$469,282 while actual disbursements were \$458,263; final budgeted revenue was \$491,734 while actual revenue was \$536,734 allowing for a \$136,873 carryover, necessary to cover expenses from the beginning of the year until first-half tax collections that generally received in April. The District kept spending very close to budgeted amounts.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**  
**Unaudited**

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**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2008 compared to 2007 on a cash basis:

	Table 1 Net Assets	
	Governmental Activities	
	2008	2007
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$374,998	\$437,743
Total Assets	\$374,998	\$437,743
<b>Net Assets</b>		
<i>Restricted for:</i>		
Other Purposes	\$239,458	361,471
Unrestricted	135,540	76,272
Total Net Assets	\$374,998	\$437,743

Table 1 provides a summary of the District's net assets for 2008 compared to 2007 on a cash basis:

- Net cash assets decreased from 2007 to 2008 by \$62,745. The decrease was due primarily to disbursements exceeding receipts.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**  
**Unaudited**

Table 2 reflects the changes in net assets in 2008 compared to 2007 on a cash basis:

Table 2  
Change in Net Assets

	Governmental Activities	
	2008	2007
<i>Receipts:</i>		
Program Receipts:		
Charges for Services	\$81,306	\$206,461
Operating Grants and Contributions	836,675	542,899
Total Program Receipts	<u>917,981</u>	<u>749,360</u>
General Receipts:		
Property and Other Local Taxes	221,019	273,269
Fees, Licenses and Permits	89,777	63,969
Miscellaneous	110,652	142,097
Total General Receipts	<u>421,648</u>	<u>479,335</u>
Total Receipts	1,339,629	1,228,695
<i>Disbursements:</i>		
Health	1,402,374	1,323,763
Total Health Disbursements	<u>1,402,374</u>	<u>1,323,763</u>
Increase (Decrease) in Net Assets	(62,745)	(95,068)
Net Assets at January 1	<u>437,743</u>	<u>532,811</u>
Net Assets at December 31	<u>\$374,998</u>	<u>\$437,743</u>

Program receipts represent 69 percent of total receipts during 2008, while these receipts represented about 61 percent in 2007. Program receipts are primarily comprised of state and federal grants, which make up 62 percent of total program receipts in 2008 with the remaining portion being made up of charges for services.

General receipts represent 31 percent of the District's total receipts in 2008, while about 39 percent represented general receipts in 2007. Of this amount, 52 percent are local taxes during 2008. Miscellaneous receipts are somewhat unpredictable revenue sources and represent 26 percent of the general receipts for 2008.

Disbursements consist primarily of salaries and wages, fringe benefits, and other disbursements related to public health services.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**  
**Unaudited**

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**Governmental Activities**

Looking at the statement of activities, as referenced in the table of contents, the first column lists the major service provided by the District. The next column identifies the costs of providing these services. The subsequent column of the Statement, entitled Program Cash Receipts, identifies amounts paid by people who are directly charged for services as well as grants received by the District that must be used to provide a specific purpose. The "Net (Disbursements) Receipts and Changes in Net Assets" column compares the program receipts to the cost of service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided from local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3  
Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Health	\$1,402,374	\$484,393	\$1,323,763	\$782,513
Total Disbursements	\$1,402,374	\$484,393	\$1,323,763	\$782,513

**The District's Funds**

For 2008, the General Fund had total cash receipts of \$494,884. For 2008, cash disbursements were \$454,579. The Federal WIC Fund had little change in cash basis fund balances as the result of aggressive budgeting practices to ensure disbursements did not exceed revenue. The ARC Dental Clinic Fund is no longer federally funded; the fund is being used to defray costs associated with the dental clinic not covered by State grants or client revenue.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2008**  
**Unaudited**

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**Current Issues**

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases, dwindling funding. Grant funding and local taxes are relied heavily upon. The District, with conservative spending, should be able to continue current stability but will probably not be able to realize any financial growth and in fact in the face of declining resources basic service will have to be cut back, if not eliminated to meet budgetary constraints.

**Capital Assets**

The District does not currently keep track of its capital assets and infrastructure, as these assets do not represent a significant dollar amount for the District. The District has not made plans to track this, as it is not required by current law.

**Debt**

The District had no outstanding debt as of December 31, 2008.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Larry Marshall, Health Commissioner, 112 East Memorial Drive, Suite A, Pomeroy, Ohio 45769.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**

*Statement of Net Assets*

*December 31, 2008*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$374,998</u>
<i>Total Assets</i>	<u>374,998</u>
<b><u>Net Assets:</u></b>	
<i>Restricted for:</i>	
Other Purposes	239,458
Unrestricted	<u>135,540</u>
<i>Total Net Assets</i>	<u><u>\$374,998</u></u>

See accompanying notes to the basic financial statements.





**MEIGS COUNTY DISTRICT BOARD OF HEALTH**

*Balance Sheet  
Governmental Funds  
December 31, 2008*

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	<u>General</u>	<u>Federal WIC</u>	<u>2005 ARC Dental Clinic</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$135,540	\$32,674	\$13,291	\$193,493	\$374,998
<i>Total Assets</i>	<u>\$135,540</u>	<u>\$32,674</u>	<u>\$13,291</u>	<u>\$193,493</u>	<u>\$374,998</u>
<b><u>Fund Balances:</u></b>					
Reserved for Encumbrances	\$3,684	\$0	\$0	\$19	\$3,703
<i>Unreserved:</i>					
General Fund	131,856	0	0	0	131,856
Special Revenue Funds	0	32,674	13,291	193,474	239,439
<i>Total Cash Fund Balances</i>	<u>\$135,540</u>	<u>\$32,674</u>	<u>\$13,291</u>	<u>\$193,493</u>	<u>\$374,998</u>

See accompanying notes to the basic financial statements.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Federal WIC	2005 ARC Dental Clinic	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>					
Property Taxes	\$221,019	\$0	\$0	\$0	\$221,019
Charges for Services	23,394	0	54,312	3,600	81,306
Licenses, Permits and Fees	63,358	0	0	26,619	89,977
Intergovernmental	84,606	185,974	89,889	476,206	836,675
Miscellaneous	102,507	40	0	8,105	110,652
<i>Total Receipts</i>	<u>494,884</u>	<u>186,014</u>	<u>144,201</u>	<u>514,530</u>	<u>1,339,629</u>
<b><u>Disbursements:</u></b>					
<i>Current:</i>					
Health	454,579	171,396	152,996	623,403	1,402,374
<i>Total Disbursements</i>	<u>454,579</u>	<u>171,396</u>	<u>152,996</u>	<u>623,403</u>	<u>1,402,374</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	40,305	14,618	(8,795)	(108,873)	(62,745)
<b><u>Other Financing Sources (Uses):</u></b>					
Advances In	41,850	0	0	22,887	64,737
Advances Out	(22,887)	0	0	(41,850)	(64,737)
<i>Total Other Financing Sources (Uses)</i>	<u>18,963</u>	<u>0</u>	<u>0</u>	<u>(18,963)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	59,268	14,618	(8,795)	(127,836)	(62,745)
<i>Cash Fund Balances at Beginning of Year</i>	<u>76,272</u>	<u>18,056</u>	<u>22,086</u>	<u>321,329</u>	<u>437,743</u>
<i>Cash Fund Balances at End of Year</i>	<u>\$135,540</u>	<u>\$32,674</u>	<u>\$13,291</u>	<u>\$193,493</u>	<u>\$374,998</u>

See accompanying notes to the basic financial statements.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**

*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund*

*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b><u>Receipts:</u></b>				
Property Taxes	\$220,000	\$220,000	\$221,019	\$1,019
Charges for Services	26,453	86,000	23,394	(62,606)
Licenses, Permits, and Fees	59,435	66,535	63,358	(3,177)
Intergovernmental	50,000	87,155	84,606	(2,549)
Miscellaneous	51,812	32,044	102,507	70,463
<i>Total Receipts</i>	<u>407,700</u>	<u>491,734</u>	<u>494,884</u>	<u>3,150</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Health	<u>489,142</u>	<u>469,282</u>	<u>458,263</u>	<u>11,019</u>
<i>Total Disbursements</i>	<u>489,142</u>	<u>469,282</u>	<u>458,263</u>	<u>11,019</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(81,442)</u>	<u>22,452</u>	<u>36,621</u>	<u>14,169</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Advances In	35,000	45,000	41,850	(3,150)
Advances Out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(22,887)</u>	<u>12,113</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>10,000</u>	<u>18,963</u>	<u>8,963</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	<u>(81,442)</u>	<u>32,452</u>	<u>55,584</u>	<u>23,132</u>
<i>Fund Balance at Beginning of Year</i>	71,255	71,255	71,255	0
<i>Prior Year Encumbrances Appropriated</i>	<u>5,017</u>	<u>5,017</u>	<u>5,017</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>(\$5,170)</u>	<u>\$108,724</u>	<u>\$131,856</u>	<u>\$23,132</u>

See accompanying notes to the basic financial statements.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**

*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*Federal WIC Fund*

*For the Year Ended December 31, 2008*

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$160,000	\$160,000	\$185,974	\$25,974
Miscellaneous	0	0	40	40
<i>Total Receipts</i>	<u>160,000</u>	<u>160,000</u>	<u>186,014</u>	<u>26,014</u>
<b><u>Disbursements:</u></b>				
Health	159,234	171,884	171,396	488
<i>Total Disbursements</i>	<u>159,234</u>	<u>171,884</u>	<u>171,396</u>	<u>488</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	766	(11,884)	14,618	26,502
<i>Fund Balance at Beginning of Year</i>	17,722	17,722	17,722	0
<i>Prior Year Encumbrances Appropriated</i>	<u>334</u>	<u>334</u>	<u>334</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$18,822</u></u>	<u><u>\$6,172</u></u>	<u><u>\$32,674</u></u>	<u><u>\$26,502</u></u>

See accompanying notes to the basic financial statements.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
2005 ARC Dental Clinic Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Charges for Services	\$41,633	\$129,910	\$54,312	(\$75,598)
Intergovernmental	68,905	1,000	89,889	88,889
<i>Total Receipts</i>	110,538	130,910	144,201	13,291
<b><u>Disbursements:</u></b>				
Health	110,538	152,996	152,996	0
<i>Total Disbursements</i>	110,538	152,996	152,996	0
<i>Excess of Receipts Over (Under) Disbursements</i>	0	(22,086)	(8,795)	13,291
<i>Fund Balance at Beginning of Year</i>	22,086	22,086	22,086	0
<i>Fund Balance at End of Year</i>	\$22,086	\$0	\$13,291	\$13,291

See accompanying notes to the basic financial statements.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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**Note 1 – Reporting Entity**

The District Board of Health, Meigs County (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board, including a Medical Director. By law, a Health Commissioner is appointed by the Board to serve as the Board's Chief Executive Officer. The District's services include communicable disease investigations, immunization clinics, inspections, dental services, public health nursing services and issuing health-related licenses and permits.

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, immunizations, vital statistics, health related licenses and permits, disease prevention and control, public health nursing and other public health grant activities that may be granted by grant making agencies. The District has no component units.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

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

These financial statements follow the cash basis of accounting. 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).

**A. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District classifies all funds as governmental.

**B. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund cash basis assets and cash disbursements is reported as fund balance. The following are the District's major governmental funds:

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

*Federal WIC (Women, Infants, and Children) Fund* – This is a Federal grant fund used to account for the Special Supplemental Nutrition Program.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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

*2005 Appalachian Regional Commission (ARC) Dental Clinic Fund* – This fund receives Federal grant money and charges for services to operate a dental clinic.

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

**C. Basis of Presentation**

The District follows the cash basis of accounting for financial reporting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The District's basic financial statements consist of district-wide statements, including a statement of net assets-cash basis and a statement of activities-cash basis, and fund financial statements that provide a more detailed level of financial information.

**D. Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole.

The statement of net assets-cash basis presents the cash basis financial condition of governmental activities of the District at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the District.

**E. Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise 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.

**F. Cash Receipts – Exchange and Non-exchange Transactions**

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.



**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**G. Cash Disbursements**

On the cash basis of accounting, disbursements are recognized at the time payments are made.

**H. Cash**

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

**I. Budgetary Process**

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

1. Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.
2. Estimated Resources – Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.
3. Encumbrances – The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**J. Capital Assets**

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

**K. Accumulated Leave**

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has reserved fund equity for encumbrances.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**M. Interfund Activity**

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financings sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds”.

In the government-wide financial statements transfers and advances within governmental activities are eliminated.

**Note 3 – Budgetary Basis Fund Balances**

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents these differences for the District’s major funds:

	<b><u>2008</u></b>		
	<u>General Fund</u>	<u>Federal WIC</u>	<u>2005 ARC Dental Clinic</u>
Budgetary Basis Fund Balances	\$131,856	\$32,674	\$13,291
Current Year Encumbrances	<u>3,684</u>	<u>0</u>	<u>0</u>
Fund Cash Balances	<u>\$135,540</u>	<u>\$32,674</u>	<u>\$13,291</u>

**Note 4 – Taxes**

The Board of County Commissioners serves as a special taxing authority for the purposes of levying a special levy outside the ten-mill limitation to provide the District Board of Health with sufficient funds to carry out public health programs. The District has a 1 mill levy to relieve the townships and villages of the costs of operating the District.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by District. The State Board of Tax and Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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**Note 5 – Retirement System**

The District's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio.

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

The Combine Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provide retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

The 2008 member contribution rate was 10.0%. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The 2008 employer contribution rate for local government employer units was 14.0% of covered payroll. The District's contributions to OPERS for all employees for the years ended December 31, 2008, 2007, and 2006 were \$88,954, \$85,591 and \$91,128 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

**Postemployment Benefits**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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**Note 5 – Retirement System** – (Continued)

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

The latest information available to the District indicates a portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employers' units, the rate was 14.0% of covered payroll for fiscal year 2008; 7.0% was used to fund health care for the year 2008.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on OPERS' latest Actuarial Reviews performed as of December 31, 2007.

Funding Method – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

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

Investment Return – The investment assumption rate for 2007 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from .50% to 6.30%.

Health Care – Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 4% for the next 7 years. In subsequent years (8 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants in the Traditional Pension and Combined Plans totaled 363,503 for 2008. The employer contributions that were used to fund postemployment benefits were \$44,477 for 2008. \$12.8 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2007.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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**Note 5 – Retirement System** – (Continued)

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, was \$29.8 billion and \$17.0 billion, respectively.

OPERS Retirement Board adopts a Health Care Preservation Plan:

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

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

**Note 6 – Risk Management**

The Government is exposed to various risks of property and casualty losses, and injuries to employees. The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and causality insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

PEP retains casualty risks up to \$350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000 up to \$2,650,000 per claim and \$10,000,000 in the aggregate per year.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$3,000,000.

**Property Coverage**

APEEP established a risk-sharing property program. Under the program, Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$300,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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**Note 6 – Risk Management** - (Continued)

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (The latest information available):

	<b>2007</b>	<b>2006</b>
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Retained earnings	20,219,246	19,384,290

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District’s share of these unpaid claims collectible in future years is approximately \$46,169. This payable includes the subsequent years’ contribution due if the District terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b>Contribution to PEP</b>	
2006	\$7,301
2007	\$6,289
2008	\$5,544

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2008**

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**Note 6 – Risk Management** - (Continued)

**Employee Health Benefits**

The District participates in the Franklin County Health Care Benefit Plan. The County's plan is described below. The County provides multiple health care benefit plans that cover approximately 4,800 County employees. Approximately 1,400 employees of other political subdivisions are also in the County's insurance program. Coverage is extended to eligible dependents. Costs are allocated to the fund that pays the salary of the enrolled employee. These payments are accounted for as expenditures in the paying funds and as fees and charges for services in the Employee Benefits internal service fund of the County, from which the claims are paid. An estimate of amounts to be paid for claims incurred but not reported (IBNR) as of year-end has been developed by the County in conjunction with an actuary, based on appropriate standards of practice promulgated by the Actuarial Standards Board. At December 31, 2007 (latest information available), accounts payable balances included \$1,611,000 of reported, unpaid County claims and \$4,470,000 as an estimate for IBNR. Actual claims experience may differ from the estimate.

**Note 7 – Contingent Liabilities**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which maybe disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**Independent Accountant's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards**

Board of Directors  
Meigs County District Board of Health  
112 East Memorial Drive  
Pomeroy, OH 45769

We have audited the accompanying financial statements of Meigs County District Board of Health (District) , as of and for the year ended December 31, 2008, and have issued our report thereon dated April 7, 2009. As discussed in Note 2, the District followed the cash basis of accounting, which is a comprehensive accounting basis other 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**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.



Board of Directors  
Meigs County District Board of Health  
Independent Accountant's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Districts's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, management, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

April 7, 2009

**MEIGS COUNTY DISTRICT BOARD OF HEALTH**

*Schedule of Prior Audit Findings*

*For the Year Ended December 31, 2008*

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<b>Description</b>	<b>Status</b>	<b>Comments</b>
<b><i>Government Auditing Standards:</i></b>		
1. The District misclassified some revenue in their financial statements.	Corrected	N/A
2. ORC 5705.39 - Appropriations to any fund shall not exceed that fund's estimated resources.	Corrected	N/A



**Mary Taylor, CPA**  
Auditor of State

**DISTRICT BOARD OF HEALTH**

**MEIGS 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 2, 2009**