

**MARION COUNTY BOARD OF HEALTH
MARION COUNTY
Regular Audit
December 31, 2008 and 2007**

***Perry & Associates*
Certified Public Accountants, A.C.**



Mary Taylor, CPA

Auditor of State

Members of the Board
Marion County Board of Health
98 McKinley Park Drive
Marion, Ohio 43302

We have reviewed the *Independent Accountants' Report* of the Marion County Board of Health, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Marion County Board of Health is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 4, 2009

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**MARION COUNTY BOARD OF HEALTH
MARION COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

June 29, 2009

Marion County Board of Health
Marion County
98 McKinley Park Boulevard
Marion, Ohio 43302

To the Members of the Board:

We have audited the accompanying financial statements of the **District Board of Health, Marion County, Ohio**, (the District) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and 2007 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the District Board of Health, Marion County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 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 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Other Local Taxes	\$ 244,808	\$ -	\$ 244,808
Intergovernmental	9,374	297,858	307,232
Fees	400	95,020	95,420
Permits	61,906	16,445	78,351
Licenses	-	82,303	82,303
Fines	13,835	198	14,033
Contractual Services	-	62,991	62,991
Other Receipts	2,868	12,585	15,453
	<u>333,191</u>	<u>567,400</u>	<u>900,591</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	178,825	342,839	521,664
Supplies	13,540	37,769	51,309
Equipment	1,127	783	1,910
Contracts - Services	13,400	87,738	101,138
Travel	391	9,200	9,591
Advertising and Printing	683	348	1,031
Insurance	38,659	50,987	89,646
Public Employees Retirement	23,655	48,547	72,202
Workers Compensation	54,630	935	55,565
Other	3,604	9,993	13,597
	<u>328,514</u>	<u>589,139</u>	<u>917,653</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Disbursements	<u>4,677</u>	<u>(21,739)</u>	<u>(17,062)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In	44,114	66,893	111,007
Transfers-Out	(66,893)	(44,114)	(111,007)
	<u>(22,779)</u>	<u>22,779</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(18,102)	1,040	(17,062)
Fund Cash Balances, January 1	<u>49,044</u>	<u>217,968</u>	<u>267,012</u>
Fund Cash Balances, December 31	<u>\$ 30,942</u>	<u>\$ 219,008</u>	<u>\$ 249,950</u>
Reserve for Encumbrances, December 31	<u>\$ 2,562</u>	<u>\$ 18,566</u>	<u>\$ 21,128</u>

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

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Other Local Taxes	\$ 258,035	\$ -	\$ 258,035
Intergovernmental	9,370	292,165	301,535
Fees	-	85,983	85,983
Permits	79,460	17,290	96,750
Licenses	-	77,062	77,062
Fines	1,635	122	1,757
Contractual Services	-	84,324	84,324
Other Receipts	9,362	14,485	23,847
	<u>357,862</u>	<u>571,431</u>	<u>929,293</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	204,227	410,683	614,910
Supplies	13,247	63,247	76,494
Equipment	186	10,952	11,138
Contracts - Services	19,320	94,640	113,960
Travel	2,187	16,223	18,410
Advertising and Printing	841	3,037	3,878
Insurance	45,124	18,316	63,440
Public Employees Retirement	25,433	59,279	84,712
Workers Compensation	4,893	23,153	28,046
Other	19,218	7,297	26,515
	<u>334,676</u>	<u>706,827</u>	<u>1,041,503</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Disbursements	<u>23,186</u>	<u>(135,396)</u>	<u>(112,210)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In	30,470	151,150	181,620
Transfers-Out	(151,150)	(30,470)	(181,620)
	<u>(120,680)</u>	<u>120,680</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(97,494)	(14,716)	(112,210)
Fund Cash Balances, January 1	<u>146,538</u>	<u>232,684</u>	<u>379,222</u>
Fund Cash Balances, December 31	<u>\$ 49,044</u>	<u>\$ 217,968</u>	<u>\$ 267,012</u>
Reserve for Encumbrances, December 31	<u>\$ 6,040</u>	<u>\$ 16,489</u>	<u>\$ 22,529</u>

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

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Marion County District Board of Health, Marion County, Ohio (the District) is a body corporate and politic 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 of Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and issues health-related licenses and permits.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

2. Special Revenue Funds

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

Child and Family Health Fund - This fund receives grant revenue and program income from clinics. The revenue is used for the staff and for supplies to provide services.

Public Health Nursing Fund - This fund receives income from various clinics and an interagency agreement with Marion Adolescent Pregnancy Program. This revenue is used for the staff and for supplies to provide services.

E. 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, and 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.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Accumulated unpaid vacation and sick leave are not accrued under the cash basis of accounting described in Note 1.

2. EQUITY IN POOLED CASH

The Marion County Auditor serves as fiscal agent for the District and the investments of County funds, including District funds, is determined by the Marion County Treasurer. By law, investment control over investments is handled by the County Treasurer.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 465,011	\$ 377,305	\$ (87,706)
Special Revenue	731,428	634,293	(97,135)
Total	\$ 1,196,439	\$ 1,011,598	\$ (184,841)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 456,588	\$ 395,407	\$ 61,181
Special Revenue	863,454	633,253	230,201
Total	\$ 1,320,042	\$ 1,028,660	\$ 291,382

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 449,766	\$ 388,332	\$ (61,434)
Special Revenue	757,137	722,581	(34,556)
Total	\$ 1,206,903	\$ 1,110,913	\$ (95,990)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 528,638	\$ 485,826	\$ 42,812
Special Revenue	865,823	737,297	128,526
Total	\$ 1,394,461	\$ 1,223,123	\$ 171,338

4. OTHER LOCAL TAXES

The County apportions the excess of the District's appropriations over the estimated receipts among the township and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from the property tax settlements and distributes it to the District. These amounts are included in Other Local Taxes in the financial statements.

5. RETIREMENT SYSTEMS

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of OPERS contributed 10% and 9.5%, respectively, of their gross salaries. The District contributed an amount equal to 14% of participants' gross salaries in 2008 and 13.85% in 2007. The District has paid all contributions required through December 31, 2008.

**DISTRICT BOARD OF HEALTH
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

(Continued)

6. RISK MANAGEMENT

The District is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions 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 up to \$350,000 per claim, including loss adjustment expenses. PEP makes an annual contribution to APEEP. APEEP reinsures casualty claims exceeding \$350,000, up to \$2,650,000 per claim and \$5,000,000 in the aggregate per year. If losses exhaust PEP's net assets, APEEP covers PEP's retained casualty risk up to \$10,000,000 per year, subject to a per-claim limit of \$3,000,000. Local political subdivisions can elect additional coverage, up to a limit of \$12,000,000 from the General Reinsurance Corporation.

Property Coverage PEP retains property risks, including automobile physical damage, up to \$100,000 in any one occurrence. APEEP reinsures property losses that are greater than \$100,000 up to \$250,000 per occurrence. The Travelers Indemnity Company reinsures losses exceeding \$250,000 up to \$600,000,000 per occurrence.

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 local government.

7. CONTINGENT LIABILITIES

The District is a defendant in a claim legal proceeding which may be classified as routine litigation in which minimal damages are being sought. The District believes that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

8. TRANSFERS

During 2007 and 2008, the District transferred monies from the Food Service and Public Health Infrastructure Funds, Special Revenue Fund types, to the General Fund. These transfer were determined to be appropriate and in compliance with the Ohio Revised code.

Perry & Associates
Certified Public Accountants, A.C.

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

June 29, 2009

Marion County Board of Health
Marion County
98 McKinley Park Boulevard
Marion, Ohio 43302

To the Members of the Board:

We have audited the financial statements of the **District Board of Health, Marion County, Ohio** (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 29, 2009, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions 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.

Internal Control Over Financial Reporting (Continued)

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.

Compliance and Other Matters

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

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

Respectfully Submitted,



Perry and Associates



Mary Taylor, CPA
Auditor of State

MARION COUNTY BOARD OF HEALTH

MARION 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
AUGUST 18, 2009**