



MEIGS COUNTY DISTRICT BOARD OF HEALTH

Regular Audit

**For the Year Ended
December 31, 2009**

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, 2009 through December 31, 2009. 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

June 16, 2010

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MEIGS COUNTY DISTRICT BOARD OF HEALTH

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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, 2009, 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, 2009, and the respective changes in financial position and the respective budgetary comparisons for the General, Federal WIC, 2005 ARC Dental Clinic and the Public Health Emergency Preparedness 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 23, 2010 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 23, 2010

MEIGS COUNTY DISTRICT BOARD OF HEALTH
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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, 2009, 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 2009 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 2009, grant funding accounted for 50% of receipts while other sources represented 50% of receipts.

Net cash assets increased from 2008 to 2009 by \$63,040. The increase 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, 2009
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Basis of Accounting (Continued)

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 2009, 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, 2009
Unaudited

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, 2005 ARC Dental Clinic Fund, and the Public Health Emergency Preparedness Fund. The programs reported in governmental funds are those reported in the Governmental Activities section of the entity-wide statements.

Other Lessor Funding Sources

Title X, Family Planning Fund, Solid Waste, Cardio Vascular Health Fund, Environmental Program, Vital Statistics, Employee Health Insurance Fund, Child and Family Health Services, and Public Health Nursing.

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 2009, the District amended its general fund budget to reflect changing circumstances.

- Final General Fund disbursements were budgeted at \$646,450 while actual disbursements were \$549,450; final budgeted revenue was \$556,913 while actual revenue was \$558,248 allowing for a \$147,372 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, 2009
Unaudited

The District as a Whole

Table 1 provides a summary of the District's net assets for 2009 compared to 2008 on a cash basis:

	Table 1 Net Assets	
	Governmental Activities	
	2009	2008
Assets		
Equity in Pooled Cash and Cash Equivalents	\$438,038	\$374,998
Total Assets	\$438,038	\$374,998
Net Assets		
<i>Restricted for:</i>		
Other Purposes	287,727	239,458
Unrestricted	150,311	135,540
Total Net Assets	\$438,038	\$374,998

Table 1 provides a summary of the District's net assets for 2009 compared to 2008 on a cash basis:

- Net cash assets increased from 2008 to 2009 by \$63,040. The increase was due primarily to receipts exceeding disbursements.

MEIGS COUNTY DISTRICT BOARD OF HEALTH
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 2 reflects the changes in net assets in 2009 compared to 2008 on a cash basis:

Table 2
Change in Net Assets

	Governmental Activities	
	2009	2008
<i>Receipts:</i>		
<i>Program Receipts:</i>		
Charges for Services	\$263,673	\$81,306
Operating Grants and Contributions	762,400	836,675
Total Program Receipts	<u>1,026,073</u>	<u>917,981</u>
<i>General Receipts:</i>		
Property and Other Local Taxes	216,955	221,019
Fees, Licenses and Permits	93,467	89,777
Miscellaneous	198,215	110,652
Total General Receipts	<u>508,637</u>	<u>421,648</u>
Total Receipts	1,534,710	1,339,629
<i>Disbursements:</i>		
Health	<u>1,471,670</u>	<u>1,402,374</u>
Total Health Disbursements	<u>1,471,670</u>	<u>1,402,374</u>
Increase (Decrease) in Net Assets	63,040	(62,745)
Net Assets at January 1	<u>374,998</u>	<u>437,743</u>
Net Assets at December 31	<u>\$438,038</u>	<u>\$374,998</u>

Program receipts represent 67% of total receipts during 2009, while these receipts represented about 69% in 2008. Program receipts are primarily comprised of state and federal grants, which make up 74% of total program receipts in 2009 with the remaining portion being made up of charges for services.

General receipts represent 33% of the District's total receipts in 2009, while about 31% represented general receipts in 2008. Of this amount, 43% are local taxes during 2009. Miscellaneous receipts are somewhat unpredictable revenue sources and represent 39% of the general receipts for 2009.

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, 2009
Unaudited

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 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Health	\$1,471,670	\$445,597	\$1,402,374	\$484,393
Total Disbursements	\$1,471,670	\$445,597	\$1,402,374	\$484,393

The District's Funds

For 2009, the General Fund had total cash receipts of \$558,248. For 2009, cash disbursements were \$546,511. Occasional transfers out of the General Fund were necessary to subsidize programs whose grant funding have decreased or are no longer available. 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. The Public Health Emergency Preparedness Fund is the new fund name for Public Health Infrastructure.

MEIGS COUNTY DISTRICT BOARD OF HEALTH
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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 heavily relied 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 services 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, 2009.

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, 2009

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$438,038</u>
<i>Total Assets</i>	<u>438,038</u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Other Purposes	287,727
Unrestricted	<u>150,311</u>
<i>Total Net Assets</i>	<u><u>\$438,038</u></u>

See accompanying notes to the basic financial statements.

MEIGS COUNTY DISTRICT BOARD OF HEALTH

Statement of Activities

For the Year Ended December 31, 2009

	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
			<u>Governmental Activities</u>
<u>Governmental Activities:</u>			
Health	\$1,471,670	\$263,673	\$762,400
			(\$445,597)
<i>Total Governmental Activities</i>	<u>\$1,471,670</u>	<u>\$263,673</u>	<u>\$762,400</u>
			(\$445,597)

General Receipts:

Property Taxes	216,955
Fees, Licenses, and Permits	93,467
Miscellaneous	<u>198,215</u>
<i>Total General Receipts</i>	<u>508,637</u>
Change in Net Assets	63,040
<i>Net Assets at Beginning of Year</i>	<u>374,998</u>
<i>Net Assets at End of Year</i>	<u>\$438,038</u>

See accompanying notes to the basic financial statements.

MEIGS COUNTY DISTRICT BOARD OF HEALTH

Balance Sheet

Governmental Funds

December 31, 2009

	<u>General</u>	<u>Federal WIC</u>	<u>2005 ARC Dental Clinic</u>	<u>Public Health Emergency Preparedness</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$150,311	\$47,297	\$7,099	\$57,397	\$152,700	\$414,804
Restricted Cash	0	0	0	0	23,234	23,234
<i>Total Assets</i>	<u>\$150,311</u>	<u>\$47,297</u>	<u>\$7,099</u>	<u>\$57,397</u>	<u>\$152,700</u>	<u>\$438,038</u>
 <u>Fund Balances:</u>						
Reserved for Encumbrances	\$2,939	\$0	\$0	\$0	\$1,194	\$4,133
Reserved for Insurance	0	0	0	0	23,234	23,234
<i>Unreserved:</i>						
General Fund	147,372	0	0	0	0	147,372
Special Revenue Funds	0	47,297	7,099	57,397	151,506	263,299
<i>Total Cash Fund Balances</i>	<u>\$150,311</u>	<u>\$47,297</u>	<u>\$7,099</u>	<u>\$57,397</u>	<u>\$175,934</u>	<u>\$438,038</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, 2009

	General	Federal WIC	2005 ARC Dental Clinic	Public Health Emergency Preparedness	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>						
Property Taxes	\$216,955	\$0	\$0	\$0	\$0	\$216,955
Charges for Services	24,476	0	195,560	0	43,637	263,673
Licenses, Permits and Fees	56,465	0	0	0	37,002	93,467
Intergovernmental	181,586	186,378	0	159,502	234,934	762,400
Miscellaneous	78,766	67	141	80	119,161	198,215
Total Receipts	558,248	186,445	195,701	159,582	434,734	1,534,710
<u>Disbursements:</u>						
Current:						
Health	546,511	171,822	201,893	123,423	428,021	1,471,670
Total Disbursements	546,511	171,822	201,893	123,423	428,021	1,471,670
<i>Excess of Receipts Over (Under) Disbursements</i>	11,737	14,623	(6,192)	36,159	6,713	63,040
<u>Other Financing Sources (Uses):</u>						
Advances In	4,197	0	0	0	1,163	5,360
Advances Out	(1,163)	0	0	0	(4,197)	(5,360)
Total Other Financing Sources (Uses)	3,034	0	0	0	(3,034)	0
Net Change in Fund Balances	14,771	14,623	(6,192)	36,159	3,679	63,040
<i>Cash Fund Balances at Beginning of Year</i>	135,540	32,674	13,291	21,238	172,255	374,998
Cash Fund Balances at End of Year	\$150,311	\$47,297	\$7,099	\$57,397	\$175,934	\$438,038

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Receipts:</u>				
Property Taxes	\$230,160	\$216,955	\$216,955	\$0
Charges for Services	23,606	24,476	24,476	0
Licenses, Permits, and Fees	59,016	56,465	56,465	0
Intergovernmental	194,751	181,586	181,586	0
Miscellaneous	82,622	77,431	78,766	1,335
<i>Total Receipts</i>	<u>590,155</u>	<u>556,913</u>	<u>558,248</u>	<u>1,335</u>
<u>Disbursements:</u>				
<i>Current:</i>				
Health	<u>536,772</u>	<u>646,450</u>	<u>549,450</u>	<u>97,000</u>
<i>Total Disbursements</i>	<u>536,772</u>	<u>646,450</u>	<u>549,450</u>	<u>97,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>53,383</u>	<u>(89,537)</u>	<u>8,798</u>	<u>98,335</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	0	0	4,197	4,197
Advances Out	<u>0</u>	<u>0</u>	<u>(1,163)</u>	<u>(1,163)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>3,034</u>	<u>3,034</u>
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	53,383	(89,537)	11,832	101,369
<i>Fund Balance at Beginning of Year</i>	131,856	131,856	131,856	0
<i>Prior Year Encumbrances Appropriated</i>	<u>3,684</u>	<u>3,684</u>	<u>3,684</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$188,923</u>	<u>\$46,003</u>	<u>\$147,372</u>	<u>\$101,369</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$211,399	\$178,725	\$186,378	\$7,653
Miscellaneous	0	0	67	67
<i>Total Receipts</i>	<u>211,399</u>	<u>178,725</u>	<u>186,445</u>	<u>7,720</u>
<u>Disbursements:</u>				
Health	178,725	178,725	171,822	6,903
<i>Total Disbursements</i>	<u>178,725</u>	<u>178,725</u>	<u>171,822</u>	<u>6,903</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	32,674	0	14,623	14,623
<i>Fund Balance at Beginning of Year</i>	<u>32,674</u>	<u>32,674</u>	<u>32,674</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$65,348</u></u>	<u><u>\$32,674</u></u>	<u><u>\$47,297</u></u>	<u><u>\$14,623</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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Charges for Services	\$133,291	\$195,560	\$195,560	\$0
Miscellaneous	0	141	141	0
<i>Total Receipts</i>	133,291	195,701	195,701	0
<u>Disbursements:</u>				
Health	110,000	201,893	201,893	0
<i>Total Disbursements</i>	110,000	201,893	201,893	0
<i>Excess of Receipts Over (Under) Disbursements</i>	23,291	(6,192)	(6,192)	0
<i>Fund Balance at Beginning of Year</i>	13,291	13,291	13,291	0
<i>Fund Balance at End of Year</i>	\$36,582	\$7,099	\$7,099	\$0

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)
Public Health Emergency Preparedness
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$107,141	\$111,027	\$159,502	\$48,475
Miscellaneous	0	0	80	80
<i>Total Receipts</i>	107,141	111,027	159,582	48,555
<u>Disbursements:</u>				
Health	84,261	127,885	123,423	4,462
<i>Total Disbursements</i>	84,261	127,885	123,423	4,462
<i>Excess of Receipts Over (Under) Disbursements</i>	22,880	(16,858)	36,159	53,017
<i>Fund Balance at Beginning of Year</i>	21,238	21,238	21,238	0
<i>Fund Balance at End of Year</i>	\$44,118	\$4,380	\$57,397	\$53,017

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, 2009

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, 2009

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.

Public Health Emergency Preparedness Fund – This is a Federal grand fund used to account for public health emergencies.

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.

MEIGS COUNTY DISTRICT BOARD OF HEALTH
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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, 2009

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:

	<u>2009</u>			
	<u>General Fund</u>	<u>Federal WIC</u>	<u>2005 ARC Dental Clinic</u>	<u>Public Health Emergency Preparedness</u>
Budgetary Basis Fund Balances	\$147,372	\$47,297	\$7,099	\$57,397
Current Year Encumbrances	<u>2,939</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Cash Balances	<u>\$150,311</u>	<u>\$47,297</u>	<u>\$7,099</u>	<u>\$57,397</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, 2009

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 2009 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 2009 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, 2009, 2008, and 2007 were \$82,277, \$88,954 and \$85,591 respectively; 100 percent has been contributed for 2009, 2008, and 2007.

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, 2009

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 2009; 7.0% was used to fund health care for the year 2009.

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, 2008.

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 2008 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 358,584 for 2008. The employer contributions that were used to fund postemployment benefits were \$41,138 for 2009. \$29.6 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2008.

MEIGS COUNTY DISTRICT BOARD OF HEALTH
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 5 – Retirement System – (Continued)

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, was \$18.9 billion and \$10.7 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 \$2,000,000.

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 2008. For 2009, 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 2008 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, 2009

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, 2009 and 2008 (The latest information available):

	2009	2008
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Retained earnings	\$21,118,036	\$20,459,329

The assets and retained earnings above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 and 445 member governments in the future, as of December 31, 2009 and 2008, 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 \$10,000. 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.

Contribution to PEP	
2009	\$5,000
2008	\$5,544
2007	\$6,289

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, 2009

Note 6 – Risk Management - (Continued)

Employee Health Benefits

The District participates in the Meigs County health, dental and vision insurance program. All employees have fully funded coverage through United Health Care.

The County has had no significant reductions in any of its insurance coverage from those maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

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, 2009, and have issued our report thereon dated April 23, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 and 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 23, 2010



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 29, 2010**