



Mary Taylor, CPA  
Auditor of State



**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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Mary Taylor, CPA  
Auditor of State

District Board of Health  
Clinton County  
111 S. Nelson Ave.  
Wilmington, Ohio 45177

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

December 13, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health  
Clinton County  
111 S. Nelson Ave.  
Wilmington, Ohio 45177

To the Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Clinton County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting 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, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District Board of Health, Clinton County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

December 13, 2007



**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Federal awards	\$0	\$214,335	\$214,335
Subdivisions	41,185	0	41,185
Levies	194,360	0	194,360
Fees	75,392	157,913	233,305
Licenses	0	38,993	38,993
Contractual Services	0	42,706	42,706
WIC-SLVL Contingency	0	4,007	4,007
Permits	194,763	9,260	204,023
Other receipts	52,810	39,305	92,115
<b>Total Cash Receipts</b>	<b>558,510</b>	<b>506,519</b>	<b>1,065,029</b>
<b>Cash Disbursements:</b>			
Salaries	282,033	247,184	529,217
Supplies	5,505	23,335	28,840
Equipment	5,421	0	5,421
Personal Services	0	4,166	4,166
Rentals	10,000	0	10,000
Contracts - Services	30,129	0	30,129
Travel and Expenses	14,575	7,983	22,558
Assistance	0	5,130	5,130
Public employee's retirement	35,758	35,434	71,192
Insurance	44,537	27,258	71,795
Worker's compensation	3,405	3,341	6,746
Medicare Tax	2,504	2,868	5,372
Remittances to State	0	10,230	10,230
State of Ohio Water Testing Fees	0	3,039	3,039
Refunds to EPA	0	10,000	10,000
Project Fund Expenses	0	239,922	239,922
Advertising and Printing	1,498	0	1,498
Other Expenses	51,643	28,083	79,726
<b>Total Disbursements</b>	<b>487,008</b>	<b>647,973</b>	<b>1,134,981</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>71,502</b>	<b>(141,454)</b>	<b>(69,952)</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	103,375	103,375
Advances-In	44,000	62,000	106,000
Transfers-Out	(103,375)	0	(103,375)
Advances-Out	(62,000)	(44,000)	(106,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(121,375)</b>	<b>121,375</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(49,873)</b>	<b>(20,079)</b>	<b>(69,952)</b>
<b>Fund Cash Balances, January 1</b>	<b>349,871</b>	<b>310,534</b>	<b>660,405</b>
<b>Fund Cash Balances, December 31</b>	<b>\$299,998</b>	<b>\$290,455</b>	<b>\$590,453</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$14,909</b>	<b>\$4,977</b>	<b>\$19,886</b>

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

DISTRICT BOARD OF HEALTH  
CLINTON COUNTY

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Federal awards	\$0	\$151,027	\$151,027
State Grants	0	99,669	99,669
Subdivisions	41,185	0	41,185
Levies	186,745	0	186,745
Fees	65,193	142,739	207,932
Licenses	0	34,727	34,727
Contractual Service	0	42,900	42,900
WIC-SLVL Contingency	0	945	945
Permits	219,215	15,531	234,746
Other receipts	49,079	42,533	91,612
Total Cash Receipts	<u>561,417</u>	<u>530,071</u>	<u>1,091,488</u>
<b>Cash Disbursements:</b>			
Salaries	249,998	239,267	489,265
Supplies	4,380	15,572	19,952
Equipment	1,486	0	1,486
Personal Services	0	4,087	4,087
Rentals	10,000	0	10,000
Contracts - Services	24,054	0	24,054
Travel and Expenses	14,076	8,227	22,303
Assistance	0	4,978	4,978
Public employee's retirement	34,607	31,126	65,733
Insurance	41,200	30,618	71,818
Worker's compensation	2,317	2,336	4,653
Medicare Tax	2,254	2,644	4,898
Remittances to State	0	12,702	12,702
State of Ohio Water Testing Fees	0	1,771	1,771
Refunds to EPA	0	10,000	10,000
Project Fund Expenses	0	251,896	251,896
Advertising and Printing	1,103	0	1,103
Other Expenses	39,872	27,850	67,722
Total Disbursements	<u>425,347</u>	<u>643,074</u>	<u>1,068,421</u>
Total Receipts Over/(Under) Disbursements	<u>136,070</u>	<u>(113,003)</u>	<u>23,067</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		84,500	84,500
Advances-In	44,000	45,000	89,000
Transfers-Out	(84,500)	0	(84,500)
Advances-Out	(45,000)	(44,000)	(89,000)
Total Other Financing Receipts/(Disbursements)	<u>(85,500)</u>	<u>85,500</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	50,570	(27,503)	23,067
Fund Cash Balances, January 1	<u>299,301</u>	<u>338,037</u>	<u>637,338</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$349,871</u></b>	<b><u>\$310,534</u></b>	<b><u>\$660,405</u></b>
Reserves for Encumbrances, December 31	<u>\$13,065</u>	<u>\$3,545</u>	<u>\$16,610</u>

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

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Clinton County, Ohio (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The Board consists of representatives of the Villages, Townships and the Board of Commissioners. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The Health Commissioner and Medical Director, who is a licensed physician, are appointed by the General Health District Board to supervise the District's activities. The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash**

As required by the Ohio Revised Code, the Clinton County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, valued at the 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund which accounts for the Special Supplemental Nutrition Program.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

Public Home Nursing Services (PHNF) Fund - This fund receives fees for providing home nursing services to elderly and homebound persons.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

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

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

**2. Budgetary Activity**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$550,625	\$602,510	\$51,885
Special Revenue	674,548	671,894	(2,654)
Total	\$1,225,173	\$1,274,404	\$49,231

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$681,065	\$667,292	\$13,773
Special Revenue	725,244	696,950	28,294
Total	\$1,406,309	\$1,364,242	\$42,067

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$664,285	\$605,417	(\$58,868)
Special Revenue	622,202	659,571	37,369
Total	\$1,286,487	\$1,264,988	(\$21,499)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$582,100	\$567,912	\$14,188
Special Revenue	736,484	690,619	45,865
Total	\$1,318,584	\$1,258,531	\$60,053

**3. Intergovernmental Funding**

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as subdivision receipts. The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$194,360 in 2006 and \$186,745 in 2005. The financial statements present these amounts as levy receipts.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

**4. Retirement Systems**

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2005</i>	<i>8.5%</i>	<i>13.55%</i>
<i>PERS – Local</i>	<i>2006</i>	<i>9%</i>	<i>13.7%</i>

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the District contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

**5. Risk Management**

**Risk Pool Membership**

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage 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 \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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.

**DISTRICT BOARD OF HEALTH  
CLINTON COUNTY**

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

**5. 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, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	<u>(16,989,918)</u>	<u>(12,872,985)</u>
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	<u>(544,771)</u>	<u>(792,061)</u>
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

**6. Contingent Liabilities**

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

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# Mary Taylor, CPA

Auditor of State

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

District Board of Health  
Clinton County  
111 S. Nelson Ave.  
Wilmington, Ohio 45177

To the District Board of Trustees:

We have audited the financial statements of the District Board of Health, Clinton County, Ohio (the District), as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated December 13, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management and the District Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 13, 2007



**Mary Taylor, CPA**  
Auditor of State

**DISTRICT BOARD OF HEALTH**

**CLINTON 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  
JANUARY 10, 2008**