



Mary Taylor, CPA  
Auditor of State



**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

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# Mary Taylor, CPA

Auditor of State

District Board of Health  
Belmont County  
68501 Bannock Road  
St. Clairsville, Ohio 43950

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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

August 11, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health  
Belmont County  
68501 Bannock Road  
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the accompanying financial statement of the District Board of Health, Belmont County, Ohio (the Health District), as of and for the year ended December 31, 2007. This financial statement is the responsibility of the Health District's management. Our responsibility is to express an opinion on this financial statement 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 Health District has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statement presents, GAAP require presenting entity-wide statements and also presenting the Health District's larger (i.e., major) funds separately. While the Health 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 health districts to reformat their statements. The Health 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 statement referred to above for the year ended December 31, 2007 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Health District as of December 31, 2007, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District Board of Health, Belmont County, Ohio, as of December 31, 2007, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

During 2007, the Health District changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

The Health 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 August 11, 2008, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Health District's financial statement. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a Schedule of Federal Awards Expenditures. The Schedule is not a required part of the financial statement. We subjected the Schedule of Federal Awards Expenditure to the auditing procedures applied in the audit of the financial statement. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statement taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

August 11, 2008



DISTRICT BOARD OF HEALTH  
BELMONT 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Federal Awards		\$617,371	\$617,371
Intergovernmental	\$320,250	37,055	357,305
Inspection Fees	11,829		11,829
Permits		6,585	6,585
Other Fees		302,267	302,267
Charges for Services	34,400		34,400
Other Receipts	19,020	49,636	68,656
<b>Total Cash Receipts</b>	<b>385,499</b>	<b>1,012,914</b>	<b>1,398,413</b>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Health:			
Salaries	263,765	560,752	824,517
Supplies	27,491		27,491
Remittances to State		80,610	80,610
Equipment	8,497	6,855	15,352
Contracts - Services		54,852	54,852
Travel	23,241	8,640	31,881
Hospitalization	73,622		73,622
Liability Insurance	5,020		5,020
Medicare	3,633		3,633
Public Employees' Retirement	35,340	11,343	46,683
Workers' Compensation	8,256		8,256
Unemployment Compensation	1,500		1,500
Other Expenses	57,401	171,800	229,201
<b>Total Cash Disbursements</b>	<b>507,766</b>	<b>894,852</b>	<b>1,402,618</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(122,267)</b>	<b>118,062</b>	<b>(4,205)</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	25,993	60,700	86,693
Advances-Out	(60,700)	(25,993)	(86,693)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(34,707)</b>	<b>34,707</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(156,974)</b>	<b>152,769</b>	<b>(4,205)</b>
<b>Fund Cash Balances, January 1</b>	<b>445,595</b>	<b>421,760</b>	<b>867,355</b>
<b>Fund Cash Balances, December 31</b>	<b>\$288,621</b>	<b>\$574,529</b>	<b>\$863,150</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$26,151</b>	<b>\$51,347</b>	<b>\$77,498</b>

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

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**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007**

**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, Belmont County (the Health District), as a body corporate and politic. A six-member Board and a Health Commissioner govern the Health District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, issues health-related licenses and permits, and emergency response planning.

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

**B. Accounting Basis**

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Health 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

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

**D. Fund Accounting**

The Health District uses fund accounting to segregate cash and investments that are restricted as to use. The Health 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 Health District had the following significant Special Revenue Fund:

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

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires the Health District to budget each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. The Health 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 Health District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2007 budgetary activity appears in Note 2.

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

The Health District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007  
(Continued)**

**2. Budgetary Activity**

Budgetary activity for the year ending December 31, 2007, follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$484,993	\$411,492	(\$73,501)
Special Revenue	935,915	1,073,614	137,699
Total	\$1,420,908	\$1,485,106	\$64,198

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$614,973	\$594,617	\$20,356
Special Revenue	1,116,539	972,192	144,347
Total	\$1,731,512	\$1,566,809	\$164,703

**3. Intergovernmental Funding**

Belmont County apportions the excess of the Health District's appropriations over other estimated receipts among the townships and municipalities composing the Health District, based on their taxable property valuations. The Belmont County Auditor withholds the apportioned excess from property tax settlements and distributes it to the Health District. The financial statement presents these amounts as intergovernmental receipts.

**4. Retirement System**

The Health 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 2007, OPERS members contributed 9.5% of their gross salaries and the Health District contributed an amount equaling 13.85% of participants' gross salaries. The Health District has paid all contributions required through December 31, 2007.

**5. Risk Management**

**Commercial Insurance**

The Health District has obtained commercial insurance for the following risk:

- Errors and omissions.

**Risk Pool Membership**

The Health District is exposed to various risks of property and casualty losses, and injuries to employees.

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007  
(Continued)**

**5. Risk Management (Continued)**

**Risk Pool Membership (Continued)**

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Health District 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

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 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 \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007  
(Continued)**

**5. Risk Management (Continued)**

**Risk Pool Membership (Continued)**

Financial Position

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

	2007	2006
Assets	\$ 37,560,071	\$ 36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	\$ 20,219,246	\$ 19,384,290

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Health District's share of these unpaid claims collectible in future years is approximately \$6,000. This payable includes the subsequent year's contribution due if the Health District terminates participation, as described in the last paragraph below.

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

<b>Contributions to PEP</b>		
2005	\$	4,931
2006	\$	4,912
2007	\$	5,020

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.

**6. Contingent Liabilities**

Amounts grantor agencies pay to the Health 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.

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007  
(Continued)**

**7. Subsequent Events**

The Health District has been named the defendant in two State Personnel Board of Review discharge appeals filed by former employees. Although management cannot presently determine the outcome of these appeals, management believes that the resolution of these matters will not materially adversely affect the Health District's financial condition.

The Ohio Department of Health questioned \$249,072 of costs and other compliance matters as the result of an internal audit conducted for the period ending June 30, 2006. The final audit report was received by the Health District at year-end 2007. As of the date of this audit report, payment of these questioned costs is still pending. The Health District is currently negotiating this matter with the Ohio Department of Health.



**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Pass-through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed-Through Ohio Department of Health:</i>			
Special Supplemental Nutritional Program for Women, Infants, and Children	07-1-001-1-CL-07/ 00710011WA0108	10.557	<u>\$320,575</u>
Total U.S. Department of Agriculture			<u>320,575</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed-Through Ohio Department of Health:</i>			
Family Planning Services	07-1-001-1-XX-06/07	93.217	37,158
Immunization Grants	07-1-001-2-AZ-06/07	93.268	31,933
Centers for Disease Control and Prevention - Investigations and Technical Assistance	07-1-001-2-BI-07/ 00710012PI0108	93.283	<u>139,735</u>
Total Passed-Through Ohio Department of Health			<u>208,826</u>
<i>Passed-Through the Belmont County Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families	N/A	93.558	<u>27,520</u>
Total Passed-Through the Belmont County Department of Job and Family Services:			<u>27,520</u>
Total U.S. Department of Health and Human Services			<u>236,346</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$556,921</u></u></b>

*The Notes to the Schedule of Federal Awards Expenditures is an integral part of the Schedule.*

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



# Mary Taylor, CPA

Auditor of State

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

District Board of Health  
Belmont County  
68501 Bannock Road  
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the financial statement of the District Board of Health, Belmont County, Ohio (the Health District), as of and for the year ended December 31, 2007, and have issued our report thereon dated August 11, 2008, wherein we noted the Health 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 Health District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health District's internal control over financial reporting.

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

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

Our consideration of 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.

We noted certain matters that we reported to the Health District's management in a separate letter dated August 11, 2008.

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### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the Health District's management in a separate letter dated August 11, 2008.

We intend this report solely for the information and use of the audit committee, management, the District Board of Health, and federal awarding agencies and pass-through entities. 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

August 11, 2008



# Mary Taylor, CPA

## Auditor of State

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

District Board of Health  
Belmont County  
68501 Bannock Road  
St. Clairsville, Ohio 43950

To the Members of the Board:

#### Compliance

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

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

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

#### Internal Control Over Compliance

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

Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control over compliance.

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A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Health District's ability to administer a federal program such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Health District's management in a separate letter dated August 11, 2008.

We intend this report solely for the information and use of the audit committee, management, the District Board of Health, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 11, 2008

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unqualified under regulatory basis
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Supplemental Nutritional Program for Women, Infants, and Children - CFDA #10.557
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**DISTRICT BOARD OF HEALTH  
BELMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-003	Federal questioned costs and reportable condition regarding documentation of time charged to more than one grant award.	Yes	N/A.





**Mary Taylor, CPA**  
Auditor of State

**DISTRICT BOARD OF HEALTH**

**BELMONT 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  
SEPTEMBER 23, 2008**