

**FAIRFIELD COUNTY  
COMBINED GENERAL HEALTH DISTRICT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

*Whited Seigneur Sams & Rahe, LLP*

CERTIFIED PUBLIC ACCOUNTANTS



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Mary Taylor, CPA  
Auditor of State

Members of the Board of Health  
Fairfield County Combined General Health District  
1587 Granville Pike  
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Fairfield County Combined General Health District, Fairfield County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 20, 2009

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**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT**

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FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT

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June 23, 2009

Fairfield County Combined General Health District  
Members of the Board of Health

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County Combined General Health District (the District), Fairfield County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund, Tobacco Use Prevention Fund, Public Health Nursing Fund, and Women, Infants & Children Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

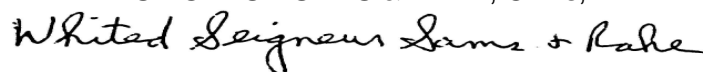
The Management Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprises the District's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 16, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, "Pension Disclosures- an amendment of GASB Statements No. 25 and No. 27" and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP





**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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This discussion and analysis of Fairfield County Combined General Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the year 2008 are as follows:

- The assets of the District exceeded its liabilities at the close of the year ended December 31, 2008 by \$2,068,139 (net assets).
- The District's total net assets decreased by \$301,778 which represents a 372% decrease from 2007.
- At the end of the current year, the District's governmental funds reported a combined ending fund balance of \$423,262. Of this amount, \$399,125 is available for spending (unreserved fund balance) on behalf of Fairfield County citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$98,124, or 7% of total general fund expenditures and other financing uses.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

**Reporting the District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the District to provide services to our citizens, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the District's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, nonfinancial information such as the condition of the District's capital assets, the reliance on non-local financial resources for the operations and the need for continued growth will also need to be evaluated.

### **Reporting the District's Most Significant Funds**

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are governmental funds. Fund financial reports provide detailed information about the District's major funds.

Based on restrictions on the use of monies, the District has established many funds which account for the multitude of services provided. However, these fund financial statements focus on the District's most significant funds. In the case of the Fairfield County Combined General Health District, our major funds are the General Fund, Tobacco Use Prevention Fund, Public Health Nursing Fund, and the Women, Infants and Children (WIC) Fund. The analysis of the District's major funds begins on page 12.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,068,139 as of December 31, 2008.

Table 1 provides a summary of the District's net assets for 2008 compared to 2007.

(Table 1)  
**Net Assets**

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Current & Other Assets	\$ 1,139,958	\$ 1,300,585
Capital Assets, Net	1,506,184	1,535,151
Total Assets	2,646,142	2,835,736
<b>Liabilities</b>		
Current & Other Liabilities	324,231	289,928
Long-Term Liabilities:		
Due Within One Year	209,717	137,726
Due in More Than One Year	44,055	38,165
Total Liabilities	578,003	465,819
<b>Net Assets</b>		
Invested in Capital Assets, net of related debt	1,506,184	1,535,151
Restricted for:		
Other Purposes	652,290	857,117
Unrestricted	(90,335)	(22,351)
Total Net Assets	\$ 2,068,139	\$ 2,369,917

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

Table 2 provides a summary of the changes in net assets for 2008 and 2007.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2008	2007
Program Revenues:		
Charges for Services and Sales	\$ 1,525,090	\$ 1,320,091
Operating Grants and Contributions	1,387,144	1,652,781
General Revenues:		
Property Taxes	724,716	716,092
Grants and Entitlements Not Restricted to Specific Programs	70,608	259,482
Unrestricted Contributions	30,572	14,806
Other	120	140
Total Revenues	3,738,250	3,963,392
Program Expenses:		
Health:		
Environmental Health	743,879	611,695
Community Health Services	1,570,893	1,355,751
Health Promotion and Planning	646,736	760,598
Administration	1,076,893	1,121,246
Interest and Fiscal Charges	1,627	2,800
Total Expenses	4,040,028	3,852,090
Increase (Decrease) in Net Assets	\$ (301,778)	\$ 111,302

*Governmental Activities*

The District's governmental activities include Environmental Health, Community Health Services, Health Promotion and Planning and Administration. Major programs in Environmental Health include food service, water system and landfill inspections. Community Health Services include the public health clinic and WIC program services. Major programs in Health Promotion and Planning are the tobacco use prevention program and the bioterrorism (Infrastructure) program which ensures public health is ready and able to respond to major emergencies or terrorism events.

The District's strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continue to be productive. Grants include Safe Communities, Bioterrorism (Infrastructure), Ohio Tobacco Prevention, Child and Family Health Services, Family Planning (Title X), Women's Health Services and Women, Infants, and Children (WIC).

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$423,262. Of this amount, \$399,125 constitutes unreserved fund balance, which is available for spending. The remaining fund balance of \$24,137 is reserved to indicate that it is not available for new spending. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$107,273. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 8.2% of the total general fund expenditures.

Several factors contributed to the General Fund having a negative change in balance at year-end. The General Fund continued to support the clinic, which incurred new expenses, further discussed below. The IRS mileage rate increased by 25% during 2008, which cost the District \$3,200 beyond what was budgeted; increased postage rates increased costs by \$1,095. Due to funding shortages during 2007, the District was paying state fees for Vital Statistics from 2007 as well as 2008. The Board of Health decided to have a local law firm review the Employee Policy Manual, which added another \$3,325 in unbudgeted costs to the General Fund. Emergency replacement of our ADT security system box added another \$3,000 in unbudgeted expenses to the General Fund in 2008. In May 2008, the governor appropriated monies that were set aside for the Tobacco Use Prevention grant. As staff researched grants to replace this lost funding, the personnel costs for that grant's staff were picked up by the General Fund. Fortunately, the Ohio Department of Health received some of these state funds, and the District was awarded a new Tobacco Use Prevention grant in November 2008.

Revenues exceeded expenditures in the General Fund by (\$17,437) in 2008. Charges for services account for 9.7% of revenues in the General Fund while licenses and permits comprise 33.6% of total revenues. Property Taxes consist of allocations from Fairfield County and the City of Lancaster. Administration accounts for the majority, \$1,121,984 of expenditures in the General Fund.

The Tobacco Use Prevention Special Revenue Fund accounts for state grant monies for the promotion of reducing tobacco use in youth and adults. At the end of the current fiscal year the total fund balance was \$83,173.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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The Public Health Nursing Special Revenue Fund accounts for charges for services and Medicaid revenues for health clinic services, immunizations, tuberculosis testing, and flu injections. At the end of the current fiscal year the total fund balance was (\$91,834). The Fairfield Community Health Center, which is the most significant expense within this fund incurred many new expenses in 2008, which contributed to the fund having a negative balance at year-end. The health center moved to a separate location in October 2007, and starting in April 2008, lease costs of \$4,509.18 per month were added to the fund's expenses. With this move, the Health Center also began incurring an additional \$5,500 in utilities. As the Health Center progressed from being an out-patient health facility to a federally qualified health center look-alike, additional audit costs in the amount of \$4,200 were incurred. The Health Center had one retirement during 2008, which necessitated an employee pay-out of \$6,000. The Board of Health also approved payment of \$1,000 in membership fees for the clinic physician, which had not been budgeted.

The Women, Infants & Children Special Revenue Fund accounts for federal grant monies for the WIC Program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. At the end of the current fiscal year the total fund balance was \$129,517.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2008, the District amended its General Fund budget numerous times. All recommendations for the budget were reviewed by the District's Board for adoption of a resolution on the change. With the General fund supporting many of the major activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending.

The General Fund final budget basis revenue was \$1,418,999 representing a \$129,751 increase from the original budget estimates of \$1,289,248. The final budget reflected a 10% decrease from the original budgeted amount. Most of this difference was due to an increase in the sale of aeration operating permits. The final budget basis expenditures were \$1,506,498 representing no total change from the original budget.

**Fairfield County Combined General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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**Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2008 and 2007, net of accumulated depreciation, is as follows:

(Table 3)  
Capital Assets, Net of Accumulated Depreciation  
as of December 31:

	Governmental Activities	
	2008	2007
Land	\$ 186,149	\$ 186,149
Building	1,276,990	1,296,788
Equipment	17,580	28,312
Vehicles	25,465	23,902
Total Capital Assets, Net	\$ 1,506,184	\$ 1,535,151

More detailed information concerning the District's capital assets can be found in Note 5 of the basic financial statements.

**Debt**

The District issued a note payable of \$70,000 to the Fairfield County Board of Commissioners in 2006. This debt was still outstanding as of December 31, 2008.

**Economic Factors and Next Year's Budget**

The Fairfield County Combined General Health District's budget for 2009 allows for a 5% increase in revenue and expenses. While the downturn in the housing industry has drastically reduced anticipated revenue in the Sewage and Water System programs, increases in fees and grants should offset this loss. The House-to-House Program was not expanded at the beginning of 2009, but expenses were adjusted to offset the loss of revenue in that program. Fee increases were instituted in the Mobile Home Park, Swimming Pool, and Vital Statistics programs during 2008. The district's allocation from property taxes was increased by 6%, and with increased funding for the Community Health Center, the district should have sufficient funding to allow the continued funding of mandated programs which do not produce revenue. Early in 2009, the Community Health Center became a Federally Qualified Health Center, and thereby became eligible for economic stimulus money and federal grants. This action should reduce the health center's need for advances from the General Fund, and thereby benefit the overall financial health of the District.

**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 Paulette Tiller – Fiscal Officer, 1587 Granville Pike, Lancaster, Ohio 43130, email to [ptiller@co.fairfield.oh.us](mailto:ptiller@co.fairfield.oh.us) or calling the District at 740-653-4489.

**Fairfield County Combined General Health District**

*Statement of Net Assets*

*December 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents:	
With Fiscal Agents	\$ 441,014
Accounts Receivable, Net	53,063
Intergovernmental Receivable	620,658
Prepaid Items	25,223
Nondepreciable Capital Assets	186,149
Depreciable Capital Assets, Net	<u>1,320,035</u>
<i>Total Assets</i>	<u>2,646,142</u>
<b>Liabilities</b>	
Accounts Payable	47,354
Accrued Wages & Benefits	132,453
Intergovernmental Payable	67,197
Accrued Interest Payable	7,227
Notes Payable	70,000
Long-Term Liabilities:	
Due Within One Year	209,717
Due In More Than One Year	<u>44,055</u>
<i>Total Liabilities</i>	<u>578,003</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	1,506,184
Restricted for:	
Other Purposes	652,290
Unrestricted (Deficit)	<u>(90,335)</u>
<i>Total Net Assets</i>	<u>\$ 2,068,139</u>

See accompanying notes to the basic financial statements.



**Fairfield County Combined General Health District**

*Statement of Activities*

*For the Year Ended December 31, 2008*

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	
Governmental Activities:				
Health:				
Environmental Health	\$ 743,879	\$ 576,571	\$ 71,027	\$ (96,281)
Community Health Services	1,570,893	475,512	811,127	(284,254)
Health Promotion and Planning	646,736	631	504,990	(141,115)
Administration	1,076,893	470,749	-	(606,144)
Interest and Fiscal Charges	1,627	1,627	-	-
<i>Total Governmental Activities</i>	<u>\$ 4,040,028</u>	<u>\$ 1,525,090</u>	<u>\$ 1,387,144</u>	<u>(1,127,794)</u>
 <b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				487,574
Grants and Entitlements not Restricted to Specific Programs				307,750
Unrestricted Contributions				30,572
Miscellaneous				120
<i>Total General Revenues</i>				<u>826,016</u>
Change in Net Assets				(301,778)
<i>Net Assets Beginning of Year</i>				<u>2,369,917</u>
<i>Net Assets End of Year</i>				<u><u>\$ 2,068,139</u></u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2008*

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants & Children Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents:						
With Fiscal Agents	\$ 65,804	\$ 90,502	\$ 6,550	\$ 62,290	\$ 215,866	\$ 441,012
Accounts Receivable, Net	17,307	-	31,415	-	4,341	53,063
Intergovernmental Receivable	-	154,380	-	276,346	189,932	620,658
Interfund Receivable	84,500	-	-	-	-	84,500
Prepaid Items	13,500	158	2,898	1,540	7,127	25,223
<i>Total Assets</i>	<u>\$ 181,111</u>	<u>\$ 245,040</u>	<u>\$ 40,863</u>	<u>\$ 340,176</u>	<u>\$ 417,266</u>	<u>\$ 1,224,456</u>
<b>Liabilities</b>						
Accounts Payable	\$ 7,823	\$ 1,807	\$ 15,164	\$ 2,663	\$ 19,897	\$ 47,354
Accrued Wages & Benefits	53,634	4,854	28,492	13,575	31,898	132,453
Intergovernmental Payable	12,381	826	4,541	10,280	39,167	67,195
Interfund Payable	-	-	84,500	-	-	84,500
Deferred Revenue	-	154,380	-	184,141	131,171	469,692
<i>Total Liabilities</i>	<u>73,838</u>	<u>161,867</u>	<u>132,697</u>	<u>210,659</u>	<u>222,133</u>	<u>801,194</u>
<b>Fund Balances</b>						
Reserved for Encumbrances	9,149	-	143	1,215	13,630	24,137
Unreserved, Undesignated, Reported in:						
General Fund	98,124	-	-	-	-	98,124
Special Revenue Funds	-	83,173	(91,977)	128,302	181,503	301,001
<i>Total Fund Balances</i>	<u>107,273</u>	<u>83,173</u>	<u>(91,834)</u>	<u>129,517</u>	<u>195,133</u>	<u>423,262</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 181,111</u>	<u>\$ 245,040</u>	<u>\$ 40,863</u>	<u>\$ 340,176</u>	<u>\$ 417,266</u>	<u>\$ 1,224,456</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2008*

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<b>Total Governmental Funds Balances</b>	\$	423,262
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*Amounts reported for governmental activities in the  
 statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,506,184
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Intergovernmental Revenues		469,692
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Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Notes Payable	(70,000)	
Compensated Absences	(253,772)	
Accrued Interest Payable	(7,227)	

Total		(330,999)
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Net assets of governmental activities	\$	2,068,139
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**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2008

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants, and Children Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$ 487,574	\$ -	\$ -	\$ -	\$ -	\$ 487,574
Intergovernmental	307,750	197,553	257,399	360,231	514,716	1,637,649
Licenses, Permits and Fees	469,281	-	-	-	365,443	834,724
Fines and Forfeitures	-	-	-	-	886	886
Charges for Services	134,499	-	374,149	-	170,558	679,206
Contributions and Donations	-	-	30,572	-	7,565	38,137
Miscellaneous	120	-	-	-	-	120
<i>Total Revenues</i>	<u>1,399,224</u>	<u>197,553</u>	<u>662,120</u>	<u>360,231</u>	<u>1,059,168</u>	<u>3,678,296</u>
<b>Expenditures</b>						
Current:						
Health:						
Environmental Health	55,354	-	-	-	658,910	714,264
Community Health Services	142,337	-	779,398	324,698	222,760	1,469,193
Health Promotion and Planning	-	336,839	-	-	289,271	626,110
Administration	1,121,984	-	-	-	-	1,121,984
<i>Total Expenditures</i>	<u>1,319,675</u>	<u>336,839</u>	<u>779,398</u>	<u>324,698</u>	<u>1,170,941</u>	<u>3,931,551</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>79,549</u>	<u>(139,286)</u>	<u>(117,278)</u>	<u>35,533</u>	<u>(111,773)</u>	<u>(253,255)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	64,286	-	32,700	96,986
Transfers Out	(96,986)	-	-	-	-	(96,986)
Advances In	46,175	-	-	14,200	13,275	73,650
Advances Out	(46,175)	-	-	(14,200)	(13,275)	(73,650)
<i>Total Other Financing Sources (Uses)</i>	<u>(96,986)</u>	<u>-</u>	<u>64,286</u>	<u>-</u>	<u>32,700</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(17,437)</u>	<u>(139,286)</u>	<u>(52,992)</u>	<u>35,533</u>	<u>(79,073)</u>	<u>(253,255)</u>
<i>Fund Balances (Deficits) Beginning of Year</i>	<u>124,710</u>	<u>222,459</u>	<u>(38,842)</u>	<u>93,984</u>	<u>274,206</u>	<u>676,517</u>
<i>Fund Balances (Deficits) End of Year</i>	<u>\$ 107,273</u>	<u>\$ 83,173</u>	<u>\$ (91,834)</u>	<u>\$ 129,517</u>	<u>\$ 195,133</u>	<u>\$ 423,262</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2008*

**Net Change in Fund Balances - Total Governmental Funds** \$ (253,255)

*Amounts reported for governmental activities in the  
statement of activities are different because*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	13,764	
Depreciation expense		<u>(42,734)</u>	
Excess of depreciation over capital outlay			(28,970)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental Revenue		<u>59,955</u>	
Total revenues not reported in the funds			59,955

In the statement of activities, interest is accrued on notes payable, whereas in governmental funds, an interest expenditure is reported when due. (1,627)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences			<u>(77,881)</u>
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<i>Change in Net Assets of Governmental Activities</i>			<u><u>\$ (301,778)</u></u>
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**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 737,574	\$ 650,075	\$ 724,716	\$ 74,641
Intergovernmental	34,700	34,700	70,608	35,908
Licenses and Permits	380,874	588,124	498,707	(89,417)
Charges for Services	136,100	141,100	124,848	(16,252)
Contributions and Donations	-	5,000	-	(5,000)
Miscellaneous	-	-	120	120
<i>Total Revenues</i>	<u>1,289,248</u>	<u>1,418,999</u>	<u>1,418,999</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Health:				
Environmental Health	97,263	78,195	69,213	8,982
Community Health Services	250,105	201,073	187,123	13,950
Administration	1,159,130	1,130,244	1,069,371	60,873
<i>Total Expenditures</i>	<u>1,506,498</u>	<u>1,409,512</u>	<u>1,325,707</u>	<u>83,805</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(217,250)</u>	<u>9,487</u>	<u>93,292</u>	<u>83,805</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	109,575	109,575
Advances Out	-	-	(85,675)	(85,675)
Transfers Out	-	(96,986)	(96,986)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(96,986)</u>	<u>(73,086)</u>	<u>23,900</u>
<i>Net Change in Fund Balance</i>	<u>(217,250)</u>	<u>(87,499)</u>	<u>20,206</u>	<u>107,705</u>
<i>Fund Balance Beginning of Year</i>	36,449	36,449	36,449	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ (180,801)</u>	<u>\$ (51,050)</u>	<u>\$ 56,655</u>	<u>\$ 107,705</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Tobacco Use Prevention Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 470,788	\$ 264,730	\$ 316,670	\$ 51,940
<i>Total Revenues</i>	<u>470,788</u>	<u>264,730</u>	<u>316,670</u>	<u>51,940</u>
<b>Expenditures</b>				
Current:				
Health:				
Health Promotion and Planning	<u>470,788</u>	<u>324,763</u>	<u>321,993</u>	<u>2,770</u>
<i>Total Expenditures</i>	<u>470,788</u>	<u>324,763</u>	<u>321,993</u>	<u>2,770</u>
<i>Net Change in Fund Balance</i>	-	(60,033)	(5,323)	54,710
<i>Fund Balance Beginning of Year</i>	34,876	34,876	34,876	-
Prior Year Encumbrances Appropriated	<u>60,949</u>	<u>60,949</u>	<u>60,949</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 95,825</u>	<u>\$ 35,792</u>	<u>\$ 90,502</u>	<u>\$ 54,710</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Public Health Nursing Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 416,554	\$ 346,465	\$ (70,089)
Licenses and Permits	-	-	-	-
Charges for Services	-	330,050	369,059	39,009
Contributions and Donations	-	37,075	30,572	(6,503)
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>-</u>	<u>783,679</u>	<u>746,096</u>	<u>(37,583)</u>
<b>Expenditures</b>				
Current:				
Health:				
Community Health Services	<u>901,086</u>	<u>818,079</u>	<u>818,040</u>	<u>39</u>
<i>Total Expenditures</i>	<u>901,086</u>	<u>818,079</u>	<u>818,040</u>	<u>39</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(901,086)</u>	<u>(34,400)</u>	<u>(71,944)</u>	<u>(37,544)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	39,500	39,500
Advances Out	-	-	(56,000)	(56,000)
Transfers In	<u>27,455</u>	<u>26,286</u>	<u>64,286</u>	<u>38,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>27,455</u>	<u>26,286</u>	<u>47,786</u>	<u>21,500</u>
<i>Net Change in Fund Balance</i>	(873,631)	(8,114)	(24,158)	(16,044)
<i>Fund Balance Beginning of Year</i>	30,565	30,565	30,565	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (843,066)</u>	<u>\$ 22,451</u>	<u>\$ 6,407</u>	<u>\$ (16,044)</u>

See accompanying notes to the basic financial statements.



**Fairfield County Combined General Health District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balances - Budget (Non-GAAP Basis) and Actual*  
*Women, Infants, and Children Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 324,483	\$ 366,618	\$ 42,135
<i>Total Revenues</i>	<u>-</u>	<u>324,483</u>	<u>366,618</u>	<u>42,135</u>
<b>Expenditures</b>				
Current:				
Health:				
Community Health Services	<u>322,553</u>	<u>336,760</u>	<u>317,820</u>	<u>18,940</u>
<i>Total Expenditures</i>	<u>322,553</u>	<u>336,760</u>	<u>317,820</u>	<u>18,940</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(322,553)</u>	<u>(12,277)</u>	<u>48,798</u>	<u>61,075</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	14,200	14,200
Advances Out	<u>-</u>	<u>-</u>	<u>(14,200)</u>	<u>(14,200)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(322,553)	(12,277)	48,798	61,075
<i>Fund Balance Beginning of Year</i>	10,086	10,086	10,086	-
Prior Year Encumbrances Appropriated	<u>2,191</u>	<u>2,191</u>	<u>2,191</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (310,276)</u>	<u>\$ -</u>	<u>\$ 61,075</u>	<u>\$ 61,075</u>

See accompanying notes to the basic financial statements.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 1 – Summary of Significant Accounting Policies**

**Reporting Entity**

The Fairfield County General Health District merged with the City of Lancaster Health Department on January 1, 2002 and became known as the Fairfield County Combined General Health District (the District) in accordance with 3709.07 of the Ohio Revised Code. 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 operated by a Board for the purpose to address safety, health and wellness of the residents of Fairfield County.

The District's Board is directed by an eleven member Board and a Health Commissioner. The District services include communicable disease investigations, immunization clinics, inspections, vital statistics, public health nursing services, and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable. The District has no component units.

**A. Basis of Presentation**

The financial statements of the District have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

## Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order 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 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.

#### B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented in one category, governmental.

#### Governmental Funds

Governmental funds are those through which all governmental functions of the District are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

*Tobacco Use Prevention Special Revenue Fund* – The Tobacco Use Prevention Special Revenue Fund accounts for state grant monies for tobacco use prevention and education.

*Public Health Nursing Special Revenue Fund* – The Public Health Nursing Special Revenue Fund accounts for activities related to providing public health clinic services.

*Women, Infants and Children (WIC) Special Revenue Fund* – The WIC Fund accounts for federal grant monies for the administration of the WIC program.

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

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the Statement of Net Assets. The Statement of Activity presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current asset and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues-Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property tax allocation from Fairfield County and the City of Lancaster, grants, entitlements, and donations. Revenue from property tax allocation, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants and entitlements; licenses and permits; fines and forfeitures; and charges for services.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolutions, all of which are prepared on the budgetary basis of accounting. The budget determines the amount of money that is needed from the Fairfield County Budget Commission. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at fund, function level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**F. Cash and Investments**

The County Treasurer is the custodian for the District's cash. The County's cash and investment pool holds the District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Fairfield County Auditor, Barbara Curtiss, 210 East Main Street, Lancaster, Ohio 43130, [www.fairfieldauditor.org](http://www.fairfieldauditor.org), (740) 687-7185.

**G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

**H. Accounts Receivables**

Accounts receivables are stated at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the District's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**I. Capital Assets**

Capital assets, which include vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Building	70
Vehicles	4-5
Equipment	5-12

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**J. Interfund Transactions and Balances**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On the fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables". Interfund transfers within governmental activities are eliminated on the statement of activities.

**K. Compensated Absences**

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees eligible to retire under a District recognized retirement plan, with a minimum of ten years service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, and personal and compensation payments are made at employees' current wage rates.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligation of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net assets restricted for other purposes are restricted by grantors and regulations of other governments. Of the District's restricted net assets of \$652,290, none are restricted by enabling legislation.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**N. Fund Balance Reserves**

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2- Accountability**

The following funds had fund equity deficits at December 31, 2008:

Public Health Nursing Fund	(\$91,834)
Water System Fund	(\$6,317)
Swimming Pool Fund	(\$849)

The deficits in these funds are the result of application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

**Note 3 – Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) presented for the general and each major special revenue fund is presented in the basic financial statements to provide a meaningful comparison of actual results compared to budgeted. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).



**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 3 – Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and for the Major Special Revenue Funds.

**Net Change in Fund Balance**

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants, & Children Fund
GAAP Basis	\$ (17,437)	\$ (139,286)	\$ (52,992)	\$ 35,533
Net Adjustment for Revenue Accruals	83,175	119,117	123,476	6,387
Net Adjustment for Expenditure Accruals	(36,383)	14,846	(94,499)	8,093
Encumbrances	(9,149)	-	(143)	(1,215)
Budget Basis	<u>\$ 20,206</u>	<u>\$ (5,323)</u>	<u>\$ (24,158)</u>	<u>\$ 48,798</u>

**Note 4 - Receivables**

Receivables at December 31, 2008 consisted of charges for services and intergovernmental receivables arising from grants. A summary of the items of intergovernmental and accounts receivable follows:

Governmental Funds	Intergovernmental Receivable	Accounts Receivable
General Fund	\$ -	\$ 17,307
Tobacco Use Prevention Fund	154,380	-
Trailer Park Fund	-	273
Public Health Nursing Fund	-	164,859
Water System Fund	-	346
Women, Infants & Children Fund	276,346	-
Family Planning Fund	17,886	-
Maternal & Child Health Fund	39,379	-
Bioterrorism Grant Fund	61,526	-
Safety Grant Fund	32,400	-
Women's Health Grant Fund	38,741	21
Landfill/C & DD Disposal Fund	-	3,701
Total Receivables	\$ 620,658	\$ 186,507
Allowance for Doubtful Accounts	-	(133,444)
Receivables, net	<u>\$ 620,658</u>	<u>\$ 53,063</u>

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 5 – Capital Assets**

Capital asset activity for the year ended December 31, 2008, was as follows:

	<u>Balance</u> <u>12/31/2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2008</u>
<u>Governmental Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 186,149	\$ -	\$ -	\$ 186,149
Total Nondepreciable Capital Assets	<u>186,149</u>	<u>-</u>	<u>-</u>	<u>186,149</u>
Depreciable Capital Assets:				
Building	1,385,880	-	-	1,385,880
Equipment	126,789	-	23,822	102,967
Vehicles	197,077	13,764	50,368	160,473
Total Capital Assets being Depreciated	<u>1,709,746</u>	<u>13,764</u>	<u>74,190</u>	<u>1,649,320</u>
Accumulated Depreciation:				
Building	89,092	19,798	-	108,890
Equipment	98,477	8,484	21,574	85,387
Vehicles	173,175	12,201	50,368	135,008
Total Accumulated Depreciation	<u>360,744</u>	<u>40,483</u>	<u>71,942</u>	<u>329,285</u>
Total Depreciable Capital Assets, Net	<u>1,349,002</u>	<u>(26,719)</u>	<u>2,248</u>	<u>1,320,035</u>
Governmental Capital Assets, Net	<u>\$ 1,535,151</u>	<u>\$ (26,719)</u>	<u>\$ 2,248</u>	<u>\$ 1,506,184</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental Activities:</u>	
Environmental Health	\$ 8,380
Administration	10,511
Community Health	7,780
Health Promotion and Planning	13,812
Total Depreciation Expense	<u>\$ 40,483</u>

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 6 – Note Payable**

In the previous year, the District issued a note payable to the Fairfield County Commissioners for \$70,000 in order to meet additional expenses with respect to a Federal EPA Grant. Repayment terms were as follows: at least half was due on or before December 29, 2006 along with interest (4% APR) with the balance to be paid on or before June 1, 2007. No repayments had been made by December 31, 2008.

Governmental Activities:	<u>Outstanding 12/31/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2008</u>	<u>Due Within One Year</u>
Note Payable	\$ 70,000	\$ -	\$ -	\$ 70,000	\$ 70,000

**Note 7- Leasing Arrangements**

The District conducts its Community Health Clinic from a facility that is leased under a nine-year operating lease expiring in June 2017. Rental payments shall be adjusted every two years during the original term of the lease, or any extension thereof, based upon changes in the 'Consumer Price Index – all items', using the May 1, 2005 as the base rate. Future lease obligations are as follows:

2009	\$ 54,108
2010	54,108
2011	54,108
2012	54,108
2013	54,108
2014-2017	189,386
Total	<u>\$ 459,926</u>

The District has an three year operating lease for a copier which will expire September 2011. Future lease obligations are as follows:

2009	\$ 1,616
2010	1,616
2011	1,212
Total	<u>\$ 4,444</u>

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 8- Long-Term Obligations**

Changes in the District's long-term obligations during the year consisted of the following:

	Outstanding 12/31/2007	Additions	Reductions	Outstanding 12/31/2008	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 175,891	\$ 253,772	\$ 175,891	\$ 253,772	\$ 209,772

Compensated absences are paid from the fund from which the respective employees' salaries are paid.

**Note 9- Interfund Activity**

**Interfund Transfers**

Transfers made during the year were as follows:

	Transfer from General Fund
<b>Transfer to</b>	
Major Fund:	
Public Health Nursing Fund	\$ 64,286
Nonmajor Funds:	
Mobile Home Park Fund	9,000
Water System Fund	19,500
Swimming Pool Fund	4,200
Total Nonmajor Governmental Funds	<u>32,700</u>
Total Interfund Transfers	<u>\$ 96,986</u>

Transfers were made to move unrestricted balances to support various programs and projects accounted for in other funds.

**Interfund Advances**

Interfund balances consist of the following individual fund receivables and payables, which are expected to be repaid in 2009.

	Receivable	Payable
Major Fund:		
General	\$ 84,500	\$ -
Public Health Nursing	-	84,500
	<u>\$ 84,500</u>	<u>\$ 84,500</u>

The amounts due to the General Fund are the result of the District moving unrestricted monies to support various programs. The General Fund will be reimbursed when funds become available.

## Fairfield County Combined General Health District

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

### Note 10 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty 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

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, including loss adjustment expenses. 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 (for claims prior to January 1, 2006) or \$3,000,000 (for claims after 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 value. 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 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 the PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

Property and casualty settlements did not exceed insurance coverage in any of the past three years. There has been no significant change in coverage from last year.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 10 – Risk Management (Continued)**

Financial Position

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

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

At December 31, 2007 and 2006, respectively, liabilities noted 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 payments. The District's share of these unpaid claims collectible in future years is approximately \$50,000. This payable includes the subsequent year's contribution due if the Government 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.

	Contributions to PEP	
2006	\$	32,406
2007		33,713
2008		31,758

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must 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 contribution. Withdrawing members have no other 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 was incurred or reported prior to the withdrawal.

**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 11 – Defined Benefit Pension Plans**

Plan Description- The District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost sharing multiple-employer defined benefit pension plan. The member-directed plan is 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. The combined plan is a cost sharing multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional 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, provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS, issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Funding Policy- The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. The employee contribution rate for 2008 was 10% for employees. The 2008 employer contribution rate was 14% of covered payroll. The portion of employer contributions allocated to health care was 7% in 2008 for all employers.

The District's required contributions to OPERS for the years ended December 31, 2008, 2007 and 2006 were \$269,075, \$276,397, and \$262,899, respectively. The District has contributed 100% for the years 2008, 2007 and 2006.

**Note 12- Postemployment Benefits**

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

OPERS provides 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 and the Combined Plans. Members of the Member-Directed Plan do not qualify for post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by the retirement system meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

**Fairfield County Combined General Health District**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 12- Postemployment Benefits (Continued)**

Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS, issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Funding Policy- The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, employer contribution rate was 14% of covered payroll for employees not engaged in law enforcement. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

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. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. 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 District's contributions made for fund postemployment benefits for the year ended December 31, 2008, 2007, and 2006 was \$134,538, \$138,199, and \$131,450, respectively; which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**Note 13- Other Employee Benefits**

Compensated Absences

All employees shall be entitled to sick leave in accordance with Sections 124.38 and 124.39 of the Ohio Revised Code as follows. Each employee shall be entitled to 4.03 hours of sick pay for each 70 hours of service completed. Upon retirement, an eligible employee shall be paid one-fourth of accrued, but unused sick leave credit up to a maximum of 30 days (210 hours).

After one year of continuous employment, permanent, full-time employees are entitled to 10-30 days of vacation leave, depending upon length of service. Accumulated, unused vacation leave is paid to employees upon termination of employment.



**Fairfield County Combined General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2008

**Note 13- Other Employee Benefits (Continued)**

Dental and Life Insurance

Dental coverage is provided through Delta Dental. Life insurance is provided through Standard Life Insurance Co. Life insurance coverage is as follows: \$20,000 per employee; \$5,000 per dependent or spouse, up to age 65; and \$2,500 per child.

**Note 14- Contingencies**

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2008.

**Note 15- Subsequent Events**

The District was awarded in February 2009 the status of a Federally Qualified Health Center by the Health Resources and Services Administration. The two-year grant of \$1,162,316 will allow the Community Health Center to expand and enhance its care for the uninsured and underinsured citizens in the community.

The note payable of \$70,000 from the Fairfield County Commissioners was forgiven. The County instead will appropriate a portion of the construction and demolition debris disposal fee which is permitted by Ohio Revised Code section 3714.07.

The septic operation and maintenance fee was disapproved by the District Advisory Council, in 2009, effective January 1, 2010. This revenue brought in \$202,967 of cash receipts in 2008, representing 14% of the District Health's total cash collections.

**Note 16- Change in Accounting Principle**

For the year ended December 31, 2008, the District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and GASB Statement No. 50, "Pension Disclosures- an amendment of GASB Statements No. 25 and No. 27".

Statement No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. This also established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. Collectively, these benefits are commonly referred to as "other postemployment benefits (OPEB)".

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements.

There was no effect on the fund balance/net assets as a result of the implementation of these new standards.

**Fairfield County Combined General Health District**  
 Schedule of Federal Awards' Expenditures  
 For the Year Ended December 31, 2008

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>PASS THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Ohio Department of Health			
Special Supplemental Nutrition Program for Women, Infants and Children	2310011WA0108 & 02310011WA0109	10.557	\$ 316,605
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Ohio Department of Health			
Family Planning Services	23-1-001-1-XX-07 & 02310011FP0108	93.217	84,817
Centers for Disease Control and Prevention- Investigation and Technical Assistance	02310012PI0108 & 02310012P10209	93.283	152,000
Maternal and Child Health Services Block Grant	02310011MC0108 & 02310011MC0209	93.994	<u>81,941</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			318,758
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Ohio Department of Public Safety			
State and Community Highway Safety	23-00-00-0027300 & 23-00-00-00467-0	20.600	<u>31,550</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>31,550</u>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<u>\$ 666,913</u>

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

**Fairfield County Combined General Health District**  
Notes to the Schedule of Federal Awards' Expenditures

**Note 1-Significant Accounting Policies**

The accompanying schedule of federal awards' expenditures summarizes the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**Note 2- Subrecipients**

The District passes-through the State and Community Highway Safety grant to local school districts. As described in Note 1, the District records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering this Federal program. Under OMB Circular A-133, the District is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

**Note 3- Matching Requirements**

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule.

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June 23, 2009

Fairfield County Combined General Health District  
Members of the Board of Health

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County Combined General Health District, Fairfield County, Ohio, (the District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2009. 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.

### **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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2008-001, 2008-002 and 2008-003 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Of the significant deficiencies described above, we consider Finding 2008-001 and Finding 2008-002 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2008-003.

We noted certain matters that we reported to management of the District in a separate letter dated June 23, 2009.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Board of Health, management, federal awarding agencies, and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,  
WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

*Whited Seigneur Sams & Rahe*

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June 23, 2009

Fairfield County Combined General Health District  
Fairfield County

## **Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

### **Compliance**

We have audited the compliance of Fairfield County Combined General Health District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on 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 District's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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.

This report is intended solely for the information and use of management, the Board and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

*Whited Seigneur Sams & Rahe*

**Fairfield County Combined General Health District**

Schedule of Findings and Questioned Costs

OMB Circular A-133 § .505

December 31, 2008

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

<b>Type of Financial Statement Opinion</b>	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	Yes
Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
Were there any material control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
Are there any reportable findings under §.510	No
Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children, CFDA #10.557  Centers for Disease Control and Prevention- Investigations and Technical Assistance, CFDA #93.283
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No



## Fairfield County Combined General Health District

Schedule of Findings and Questioned Costs (Continued)

OMB Circular A-133 § .505

December 31, 2008

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

#### Finding 2008-001 Internal Controls Over the Financial Reporting Process Material Weakness and Noncompliance

##### Condition

The District does not have an internal control process or procedure in place to ensure timely and accurate preparation of year-end financial statements.

##### Criteria

Ohio Rev. Code Section 117.38 requires GAAP-basis entities to file annual reports within 150 days of their fiscal year end.

##### Effect

The District did not meet the 150 day deadline.

The year-end financial statements that management prepared and presented for audit contained a number of material errors, inconsistencies, and omissions.

##### Recommendation

A timeline should be developed with individual task deadlines to ensure that the year-end financial statements are filed with the Auditor of State within 150 days after December 31<sup>st</sup>. A member of the Finance Committee could be assigned to monitor completion status throughout the process.

Management should seek consultation from an accounting professional who is knowledgeable in governmental accounting, attend continued professional education courses or obtain reference literature on implementing GASB Statement No. 34.

##### Auditee Response

Fiscal Policy 2.06, Preparation of Year-End Financial Statements, was written to provide an internal control procedure to ensure that year-end financial statements are prepared and submitted on time. This policy places clear responsibility for preparing and submitting these documents on the Fairfield Department of Health (FDH) Fiscal Officer (FO). The policy requires that the process of preparing annual financial statements will begin on January 15th each year. The policy requires that a member of the FDH Finance Committee be appointed to work with the FO's supervisor to ensure that the process is started on time and that documents are prepared and sent to the Ohio Auditor of State (AOS) to meet the required May 30th deadline. The topic "Status of Preparation of Year-End Financial Statements" will be included on every Finance Committee agenda and will be an active item during the months of January through June of each year.

Management will be looking into obtaining assistance for the FO in better understanding the implementation of GASB Statement No. 34.

**Fairfield County Combined General Health District**

Schedule of Findings and Questioned Costs (Continued)

OMB Circular A-133 § .505

December 31, 2008

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

**Finding 2008-002 Community Health Center Billing  
Material Weakness**

Condition

The District has been unable to obtain timely and accurate accrual basis financial information at year-end from the service organization that performs the Community Health Center billing. Standard fiscal year-end reports are not backed-up and made available to the District in a readable format.

4% of encounters examined for audit were not in the service organization's billing system. Encounter forms are not pre-numbered. Encounter forms remitted to the service organization are not always complete.

Criteria

Management is responsible for the accuracy and completeness of outsourced functions performed by a service provider. Management is responsible for overseeing the outsourced service and evaluating the adequacy and results of those services and accepting responsibility for them.

Management is also responsible for the quality of information provided to the service organization. All encounter forms and other necessary patient data should be complete when forwarded to the service organization.

Effect

Material audit adjustments were made to recognize an allowance for uncollectable accounts. Although a policy had been adopted by the Board, it was not applied effectively.

Without a system to track encounters, the District's ability to effectively monitor the service organization is compromised.

Recommendation

Management should understand the District's reporting needs as they specifically relate to the Community Health Center and work with the service organization to ensure that the necessary information is properly captured and reported on the accrual basis of accounting.

All encounter forms should be sequentially pre-numbered. Management should have a control procedure to ensure that all encounters are remitted to the service organization for billing. A continuous log could be maintained that tracks the beginning and ending encounter form numbers. Any gaps should be investigated and the resolution documented on the log.

A thorough inspection of each encounter form should be performed at the end of each day by the Health Center supervisor. Training should be provided as needed to front desk staff that is responsible for preparing the encounter forms.

**Fairfield County Combined General Health District**  
Schedule of Findings and Questioned Costs (Continued)  
OMB Circular A-133 § .505  
December 31, 2008

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

**Finding 2008-002 Community Health Center Billing (Continued)**  
**Material Weakness**

Auditee Response

Talks have already begun and will continue between the Community Health Center (CHC) and Steele Management, Inc. (SMI), to ensure that all information is properly captured and recorded on the accrual basis of accounting.

The CHC has applied for, and will likely receive, a Capital Improvement Program grant from the Health Resources & Services Administration (HRSA), that will be used for the purchase of a complete Practice Management System (PMS) with Electronic Health Records (EHR). The PMS will produce patient encounter forms that are sequentially pre-numbered. Once the PMS is in operation, a continuous log will be maintained that will track the beginning and ending encounter form numbers for each day. If any gaps are found in the numbering sequence, they will be investigated and the resolution will be documented on the log. If encounter forms are destroyed while being printed, those numbers and an explanation will also be written on the log. The PMS will also have an application to guarantee that each patient who arrives at the CHC, will have charges associated with their account by the end of the day.

Training for front desk personnel (and others) will be provided, as needed, to ensure that encounter forms are properly completed before being sent to the CHC supervisor for inspection. The CHC will also work to dramatically decrease the time between the date of service and when a clean claim is submitted to SMI for billing.

**Finding 2008-003 Budgetary Monitoring**  
**Ohio Revised Code Noncompliance & Significant Deficiency**

Condition

The District appropriated more than the estimated resources in the General Fund, Public Health Nursing Fund, and the Women, Infants, and Children Fund. Original budgets filed for the Public Health Nursing Fund and Women, Infants, and Children Funds did not include any revenue.

Criteria

Ohio Revised Code Section 3709.28 requires appropriations to be limited by total estimated resources (unencumbered beginning fund balance plus estimated receipts).

Effect

An unbalanced budget can allow a fund to have a deficit fund balance.

Recommendation

The District should implement an internal control procedure to ensure that budgets are compliant with Ohio Revised Code requirements.

**Fairfield County Combined General Health District**

Schedule of Findings and Questioned Costs (Continued)

OMB Circular A-133 § .505

December 31, 2008

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

**Finding 2008-003 Budgetary Monitoring (Continued)**

**Ohio Revised Code Noncompliance & Significant Deficiency**

Auditee Response

After the 2008 budget was entered into the Municipal Information System (MUNIS) for the first time in the spring of 2007, the Fiscal Officer discovered that the Director for the Public Health Nursing fund and the Women with Infant Children (WIC) fund, neglected to enter the budgeted revenue figures into MUNIS. Since the FDH Directors have very little familiarity with MUNIS, once the error was discovered, the Fiscal Officer decided that she would take on the responsibility for entering all of the Director's budgets herself. This was a one time error that will not happen again. Fiscal Administrative Policy 2.07 was written to provide an internal control procedure to address this finding and to prevent a reoccurrence in the future.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**Fairfield County Combined General Health District**  
Status of Prior Audit Findings

**Finding 2007-001 Monitoring of Community Health Center Billing & Collections**  
**Significant Internal Control Deficiency & Material Weakness**

Condition: A control deficiency exists regarding the monitoring of the Community Health Center's billing and collection activities, currently an outsourced function. The District has no policy or procedure in place to estimate the allowance for doubtful accounts and adjustments.

Recommendation: The District should implement a policy and procedure for the monitoring of the Community Health Center's billing and collection activities as well as a process for estimating the allowance for doubtful accounts and adjustments. The District should be receiving and reviewing monthly comprehensive reports detailing billings, collections and accounts receivable balances.

Status: Partially Corrected. The District Board adopted Administrative Policy 2.05 on December 22, 2008, effective January 1, 2009. Administrative Policy 2.05 outlines internal control procedures to monitor the Community Health Center billing and collection procedures as well as providing a methodology for estimating allowances for doubtful accounts and adjustments. Management received monthly reports of billings, collections, and aging of receivables. Although management implemented the controls mentioned above, they are still receiving cash basis data. Auditor posted a material adjustment to recognize an allowance for doubtful accounts. Refer to Finding 2008-002.

**Finding 2007-002 Budgetary Monitoring**  
**Material Noncompliance & Internal Control Deficiency**

Condition: Appropriations exceeded estimated resources in the Landfill Fund by \$42,986. Additionally, various funds had significant budget vs actual revenue variances.

Recommendation: The District should implement an internal control procedure to ensure that initial budget figures are compliant and monitor budget vs actual variances throughout the year to identify when and where budget amendments should be made.

Status: Not Corrected. Refer to Finding 2008-003.

**Finding 2007-003 Interfund Transactions and Balances**  
**Significant Internal Control Deficiency and Material Weakness**

Condition: A control deficiency exists regarding the cutoff of transactions. Fund-to-fund advance transactions were posted in 2007 but were approved in 2008. No retroactive language was included in the resolutions.

Recommendation: An internal control procedure should be implemented to monitor the interfund transactions and balances.

Status: Corrected. Although no formal policy was adopted by the District Board, interfund transactions were approved by year end by the Board to address the repayment of advances and the conversion of unpaid advances to permanent transfers of fund balances.





Mary Taylor, CPA  
Auditor of State

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT**

**FAIRFIELD 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  
JULY 30, 2009**