

Fayette County General Health District

Fayette County

Regular Audit

For the Years Ended December 31, 2008-2007



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Fayette County District Board of Health
317 South Fayette Street
Washington Court House, Ohio 43160

We have reviewed the *Independent Auditor's Report* of the Fayette County District Board of Health, Fayette County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 14, 2009

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**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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**FAYETTE COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

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Independent Auditor's Report

Fayette County General Health District
Fayette County, Ohio
317 South Fayette Street
Washington Court House, Ohio 43160

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fayette County General Health District, (the District) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

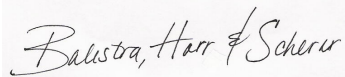
In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General and Help Me Grow Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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 grants agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report when considering the results of our audit.

Fayette County General Health District
Fayette County, Ohio
Independent Auditor's Report
Page 2

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 3, 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*.



Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2009

Fayette County General Health District
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

This discussion and analysis of the Fayette County General Health District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2008 and December 31, 2007, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key financial highlights for the year 2008 are as follows:

- General receipts in the form of property taxes, payments from County subdivisions and miscellaneous receipts comprise the largest percentage of the District's receipts. Program specific receipts in the form of charges for services and operating grants and contributions make up the remainder of the total revenue of \$1,866,966.
- The Public Health Infrastructure Grant, in the amount of \$106,741, was significantly more than in prior years.

Key financial highlights for the year 2007 are as follows:

- General receipts in the form of property taxes, payments from County subdivisions and miscellaneous receipts comprise the largest percentage of the District's receipts. Program specific receipts in the form of charges for services and operating grants and contributions make up the remainder of the total revenue of \$1,797,240.
- The Public Health Infrastructure Grant, in the amount of \$95,766, was significantly more than in prior years.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Fayette County General Health District
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non financial factors as well such as the reliance on non-local financial resources.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund, and the Help Me Grow Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The District as a Whole

Table 1 provides a summary of the District's net assets for 2008 compared to 2007 and 2007 compared to 2006 on a cash basis:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets			
Cash and Cash Equivalents	\$1,975,413	\$1,789,093	\$ 1,604,248
Total Assets	<u>\$1,975,413</u>	<u>\$1,789,093</u>	<u>\$1,604,248</u>
Net Assets			
Restricted	630,483	582,113	534,220
Unrestricted	1,344,930	1,206,980	1,070,028
Total Net Assets	<u>\$1,975,413</u>	<u>\$1,789,093</u>	<u>\$1,604,248</u>

Fayette County General Health District
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Net assets of governmental activities increased \$186,320 or 10 percent during 2008. The primary reasons contributing to the increase in cash balances is as follows:

- The District received an increase in Help Me Grow funds over 2007.
- The District received an increase in charges for services due to increased fees charged for services.

Net assets of governmental activities increased \$184,845 or 10 percent during 2007. The primary reasons contributing to the increase in cash balances is as follows:

- The District received an increase in property and local taxes over 2006.

Table 2 reflects the changes in net assets on a cash basis in 2008, 2007, and 2006.

	Governmental Activities 2008	Governmental Activities 2007	Governmental Activities 2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$257,266	\$226,012	\$158,916
Operating Grants and Contributions	513,598	472,194	620,435
Total Program Receipts	<u>770,864</u>	<u>698,206</u>	<u>779,351</u>
General Receipts:			
Property and Other Local Taxes	1,003,733	994,201	856,018
Subdivisions	69,139	69,500	69,500
Miscellaneous	23,230	35,333	54,219
Total General Receipts	<u>1,096,102</u>	<u>1,099,034</u>	<u>979,737</u>
Total Receipts	<u>1,866,966</u>	<u>1,797,240</u>	<u>1,759,088</u>
Disbursements:			
Trailer Park	833	755	687
Pool	840	945	920
Landfill	13,206	8,294	7,968
Food Service	25,849	25,233	24,015
ACE	-	-	35,530
WIC	125,743	116,301	102,531
Water	3,667	4,274	4,922
Family Planning	25,690	22,742	28,963
Healthchek	32,342	35,113	4,360
PHI	89,192	98,650	89,650
United Way	29,744	29,897	28,535
Help Me Grow	231,575	211,501	209,765
Septic	705	950	-
CORE	3,639	3,669	4,997
Grounwater Monitoring	899	-	-
General	1,096,722	1,054,071	1,048,669
Total Disbursements	<u>1,680,646</u>	<u>1,612,395</u>	<u>1,591,512</u>
Change in Net Assets	186,320	184,845	167,576
Net Assets, January 1	<u>1,789,093</u>	<u>1,604,248</u>	<u>1,436,672</u>
Net Assets, December 31	<u>\$1,975,413</u>	<u>\$1,789,093</u>	<u>\$1,604,248</u>

Fayette County General Health District
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Program receipts represent 42% in 2008, 39% in 2007, and 44% in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts such as WIC, Help Me Grow, and PHI grants.

During 2008, General receipts represent 58 percent of the District's total receipts, and of this amount, about 92 percent are property and other local taxes. During 2007, General receipts represent 61% of the District's total receipts, and of this amount, about 90% are property and other local taxes. During 2006, General receipts represent 56% of the District's total receipts, of this amount, about 87% are property and other local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2008, 2007, and 2006, disbursements for General represent the overhead costs of running the District and the support services provided for the other District activities. These include the miscellaneous costs of the board of trustees and the fiscal officer, as well as internal services such as accounting, payroll and purchasing, and maintaining the District building. General disbursements increased primarily due to increases in salaries and benefits.

Disbursements for Family Planning are the costs of clinic operations and have shown an increase from 2007 to 2008, primarily due to the increase in costs of vaccines and other supplies.

Disbursements for PHI, Help Me Grow are for the costs of running these grants. PHI disbursements show a decrease in 2008 due to less funding received for this project. Help Me Grow disbursements increased in 2008 due to increased funding received for this program.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Help Me Grow and General activities. General activities account for 65% of all governmental disbursements for 2008, and 65% for 2007. Help Me Grow accounts for 14% of all governmental distributions in 2008, and 13% for 2007. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Fayette County General Health District
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

	Governmental Activities			
	Total Cost Of Services	Total Cost Of Services	Net Cost of Services	Net Cost of Services
	2008	2007	2008	2007
Trailer Park	\$833	\$ 755	\$217	\$ 406
Pool	840	945	600	675
Landfill	13,206	8,294	10,900	5,718
Food Services	25,849	25,233	770	1,912
WIC	125,743	116,301	7,795	6,181
Water	3,667	4,274	2,413	690
Family Planning	25,690	22,742	11,402	12,762
Healthchek	32,342	35,113	16,977	7,226
PHI	89,192	98,650	17,549	(2,884)
United Way	29,744	29,897	5,028	(67)
Help Me Grow	231,575	211,501	(13,208)	(9,766)
Grounwater Monitoring	899	0	503	0
CORE	3,639	3,669	(3,639)	(3,669)
Septic	705	950	6,600	7,865
General	<u>1,096,722</u>	<u>1,054,071</u>	<u>(973,689)</u>	<u>(941,238)</u>
Total Expenses	<u>\$1,680,646</u>	<u>\$ 1,612,395</u>	<u>(\$909,782)</u>	<u>\$ (914,189)</u>

The dependence upon property tax receipts is apparent as over 54% of governmental activities for 2008 and 57% for 2007 are supported through these general receipts.

The District's Funds

During 2008, total governmental funds had receipts of \$1,866,966 and disbursements of \$1,680,646. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$137,950, partially due to increased fees charged for services provided, coupled with the increase in property taxes received. During 2007, total governmental funds had receipts of \$1,797,240 and disbursements of \$1,612,395. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$136,953 as the result of the efforts of the District to keep expenditures down. During 2006, total governmental funds had receipts of \$1,759,088 and disbursements of \$1,591,512. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$159,373 as the result an increase in intergovernmental receipts along with a slight increase in charges for services.

For 2008, the Fund balance of the Help Me Grow Fund decreased \$11,624, which is a nominal decrease. The Fund balance of the Help Me Grow Fund increased by \$1,173 in 2007, which is due to more funding available.

General Fund Budgeting Highlights

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

During 2007 and 2008, the District amended its General Fund Budget several times to reflect changing circumstances.

Final budgeted receipts were below original budgeted receipts in 2008 and 2007. General Fund receipts received were equal to budgeted receipts for 2008, and equal to budgeted receipts for 2007.

Fayette County General Health District
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

Final disbursements were budgeted at \$1,231,000, while actual disbursements were \$1,096,722 for 2008. Final disbursements were budgeted at \$1,265,500, while actual disbursements were \$1,054,071 for 2007. The District kept spending below budgeted amounts as demonstrated by the reported variance.

Capital Assets and Debt Administration

Capital Assets

The District does not report capital assets and infrastructure under the cash basis of accounting.

Debt

There is no debt reflected at year end.

Current Issues

The challenge for all Health Districts is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The District will continue to monitor anticipated receipts and decrease spending as necessary.

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 Bonita Moore, Fiscal Officer, Fayette County General Health District, 317 South Fayette Street, Washington Court House, Ohio 43160.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,975,413
<i>Total Assets</i>	\$1,975,413
Net Assets	
Restricted for:	
Help Me Grow	16,015
Food Services	130,607
Family Planning	143,059
Healthchek	139,831
Other Purposes	200,971
Unrestricted	1,344,930
<i>Total Net Assets</i>	\$1,975,413

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT

Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Cash Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants	Governmental Activities
Governmental Activities				
Trailer Park	\$833	\$1,050	\$ -	\$217
Pool	840	1,440	-	600
Landfill	13,206	24,106	-	10,900
Food Service	25,849	26,619	-	770
WIC	125,743	-	133,538	7,795
Water	3,667	6,080	-	2,413
Family Planning	25,690	37,092	-	11,402
Healthchek	32,342	49,319	-	16,977
PHI	89,192	-	106,741	17,549
United Way	29,744	-	34,772	5,028
Help Me Grow	231,575	-	218,367	(13,208)
Groundwater Monitoring	899	1,402	-	503
CORE	3,639	-	-	(3,639)
Septic	705	7,305	-	6,600
General	1,096,722	102,853	20,180	(973,689)
Total Governmental Activities	\$1,680,646	\$257,266	\$513,598	(909,782)

General Receipts

Property Taxes Levied For:

General Health District	1,003,733
Subdivisions	69,139
Miscellaneous	23,230
Total General Receipt	1,096,102
Change in Net Assets	186,320
Net Assets Beginning of Year	1,789,093
Net Assets End of Year	\$1,975,413

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2008

	<u>General</u>	<u>Help Me Grow</u>	<u>All Other Governmental Funds</u>	<u>Total</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,344,930	\$16,015	\$614,468	\$1,975,413
<i>Total Assets</i>	<u>1,344,930</u>	<u>16,015</u>	<u>614,468</u>	<u>1,975,413</u>
Fund Balances				
Unreserved:				
Undesignated, Reported in:				
General Fund	1,344,930	-	-	1,344,930
Special Revenue Funds	<u>0</u>	<u>16,015</u>	<u>614,468</u>	<u>630,483</u>
<i>Total Fund Balances</i>	<u>\$1,344,930</u>	<u>\$16,015</u>	<u>\$614,468</u>	<u>\$1,975,413</u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Help Me Grow	All Other Governmental Funds	Total
Receipts				
Property and Other Local Taxes	\$ 1,003,733	\$ -	\$ -	\$ 1,003,733
Intergovernmental	89,319	218,367	240,279	547,965
Grant Revenue	-	-	34,772	34,772
Fines, Licenses, and Permits	610	-	68,002	68,612
Charges for Services	102,243	-	86,411	188,654
Miscellaneous	11,101	7,250	4,879	23,230
<i>Total Receipts</i>	<u>1,207,006</u>	<u>225,617</u>	<u>434,343</u>	<u>1,866,966</u>
Disbursements				
General Health District	1,096,722	-	-	1,096,722
Trailer Park	-	-	833	833
Pool	-	-	840	840
Landfill	-	-	13,206	13,206
Food Service	-	-	25,849	25,849
WIC	-	-	125,743	125,743
Water	-	-	3,667	3,667
Help Me Grow	-	231,575	-	231,575
Family Planning	-	-	25,690	25,690
Healthchek	-	-	32,342	32,342
PHI	-	-	89,192	89,192
United Way	-	-	29,744	29,744
Septic	-	-	705	705
CORE	-	-	3,639	3,639
Groundwater Monitoring	-	-	899	899
<i>Total Disbursements</i>	<u>1,096,722</u>	<u>231,575</u>	<u>352,349</u>	<u>1,680,646</u>
Excess of Receipts Over Disbursements	110,284	(5,958)	81,994	186,320
Other Financing Sources (Uses)				
Advances In	56,666	11,000	18,000	85,666
Advances Out	(29,000)	(16,666)	(40,000)	(85,666)
<i>Total Other Financing Sources (Uses)</i>	<u>27,666</u>	<u>(5,666)</u>	<u>(22,000)</u>	<u>-</u>
Net Change in Fund Balance	137,950	(11,624)	59,994	186,320
Fund Balance Beginning of Year	<u>1,206,980</u>	<u>27,639</u>	<u>554,474</u>	<u>1,789,093</u>
Fund Balance End of Year	<u>\$ 1,344,930</u>	<u>\$ 16,015</u>	<u>\$ 614,468</u>	<u>\$ 1,975,413</u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Property and Other Local Taxes	\$ 993,581	\$ 1,003,733	\$ 1,003,733	\$ -
Intergovernmental	96,624	89,319	89,319	-
Fines, Licenses, and Permits	1,098	610	610	-
Charges for Services	109,800	102,243	102,243	-
Miscellaneous	12,078	11,101	11,101	-
Total Receipts	<u>1,213,181</u>	<u>1,207,006</u>	<u>1,207,006</u>	<u>-</u>
General Health District	<u>1,231,000</u>	<u>1,231,000</u>	<u>1,096,722</u>	<u>134,278</u>
Total Disbursements	<u>1,231,000</u>	<u>1,231,000</u>	<u>1,096,722</u>	<u>134,278</u>
Excess of Receipts Over Disbursements	(17,819)	(23,994)	110,284	134,278
Total Other Financing Sources	<u>-</u>	<u>27,666</u>	<u>27,666</u>	<u>-</u>
Net Change in Fund Balance	(17,819)	3,672	137,950	134,278
Fund Balance Beginning of Year	<u>1,206,980</u>	<u>1,206,980</u>	<u>1,206,980</u>	<u>-</u>
Fund Balances End of Year	<u><u>\$1,189,161</u></u>	<u><u>\$1,210,652</u></u>	<u><u>\$1,344,930</u></u>	<u><u>\$134,278</u></u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Help Me Grow Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Intergovernmental	\$ 220,977	\$ 218,367	\$ 218,367	\$ -
Miscellaneous	6,834	7,250	7,250	-
Total Receipts	<u>227,811</u>	<u>225,617</u>	<u>225,617</u>	<u>-</u>
Help Me Grow	227,811	232,411	231,575	836
Total Disbursements	<u>227,811</u>	<u>232,411</u>	<u>231,575</u>	<u>836</u>
Excess of Receipts Over Disbursements	-	(6,794)	(5,958)	836
Total Other Financing (Uses)	<u>-</u>	<u>(5,666)</u>	<u>(5,666)</u>	<u>-</u>
Net Change in Fund Balance	-	(12,460)	(11,624)	836
Fund Balance Beginning of Year	<u>27,639</u>	<u>27,639</u>	<u>27,639</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 27,639</u>	<u>\$ 15,179</u>	<u>\$ 16,015</u>	<u>\$ 836</u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Net Assets - Cash Basis
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,789,093
<i>Total Assets</i>	1,789,093
Net Assets	
Restricted for:	
Help Me Grow	27,639
Food Services	129,319
Family Planning	131,658
Healthchek	122,853
Other Purposes	170,644
Unrestricted	1,206,980
<i>Total Net Assets</i>	\$1,789,093

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Cash Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants	Governmental Activities
Governmental Activities				
Trailer Park	\$ 755	\$ 1,161	\$ -	\$ 406
Pool	945	1,620	-	675
Landfill	8,294	14,012	-	5,718
Food Service	25,233	27,145	-	1,912
WIC	116,301	-	122,482	6,181
Water	4,274	4,964	-	690
Family Planning	22,742	35,504	-	12,762
Healthchek	35,113	42,339	-	7,226
PHI	98,650	-	95,766	(2,884)
United Way	29,897	-	29,830	(67)
Help Me Grow	211,501	-	201,735	(9,766)
Septic	950	8,815	-	7,865
CORE	3,669	-	-	(3,669)
General	1,054,071	90,452	22,381	(941,238)
<i>Total Governmental Activities</i>	<u>\$ 1,612,395</u>	<u>\$ 226,012</u>	<u>\$ 472,194</u>	<u>(914,189)</u>

General Receipts

Property Taxes Levied For:

General Health District	994,201
Subdivisions	69,500
Miscellaneous	35,333
Total General Receipts	<u>1,099,034</u>
Change in Net Assets	184,845
Net Assets Beginning of Year	<u>1,604,248</u>
Net Assets End of Year	<u>\$ 1,789,093</u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2007

	<u>General</u>	<u>Help Me Grow</u>	<u>All Other Governmental Funds</u>	<u>Total</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,206,980	\$ 27,639	\$ 554,474	\$ 1,789,093
<i>Total Assets</i>	<u>1,206,980</u>	<u>27,639</u>	<u>554,474</u>	<u>1,789,093</u>
Fund Balances				
Unreserved:				
Undesignated, Reported in:				
General Fund	1,206,980	-	-	1,206,980
Special Revenue Funds	-	27,639	554,474	582,113
<i>Total Fund Balances</i>	<u>\$ 1,206,980</u>	<u>\$ 27,639</u>	<u>\$ 554,474</u>	<u>\$ 1,789,093</u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Help Me Grow	All Other Governmental Funds	Total
Receipts				
Property and Other Local Taxes	\$ 994,201	\$ -	\$ -	\$ 994,201
Intergovernmental	91,881	201,735	221,578	515,194
Grant Revenue	-	-	26,500	26,500
Fines, Licenses and Permits	290	-	57,717	58,007
Charges for Services	90,162	-	77,843	168,005
Miscellaneous	22,430	8,099	4,804	35,333
<i>Total Receipts</i>	<u>1,198,964</u>	<u>209,834</u>	<u>388,442</u>	<u>1,797,240</u>
Disbursements				
General Health District	1,054,071	-	-	1,054,071
Trailer Park	-	-	755	755
Pool	-	-	945	945
Landfill	-	-	8,294	8,294
Food Service	-	-	25,233	25,233
WIC	-	-	116,301	116,301
Water	-	-	4,274	4,274
Help Me Grow	-	211,501	-	211,501
Family Planning	-	-	22,742	22,742
Healthchek	-	-	35,113	35,113
PHI	-	-	98,650	98,650
United Way	-	-	29,897	29,897
Septic	-	-	950	950
CORE	-	-	3,669	3,669
<i>Total Disbursements</i>	<u>1,054,071</u>	<u>211,501</u>	<u>346,823</u>	<u>1,612,395</u>
Excess of Receipts Over (Under) Disbursements	144,893	(1,667)	41,619	184,845
Other Financing Sources (Uses)				
Advances In	47,360	18,200	37,100	102,660
Advances Out	(55,300)	(15,360)	(32,000)	(102,660)
<i>Total Other Financing Sources (Uses)</i>	<u>(7,940)</u>	<u>2,840</u>	<u>5,100</u>	<u>-</u>
Net Change in Fund Balance	136,953	1,173	46,719	184,845
Fund Balance Beginning of Year	<u>1,070,027</u>	<u>26,466</u>	<u>507,755</u>	<u>1,604,248</u>
Fund Balance End of Year	<u>\$ 1,206,980</u>	<u>\$ 27,639</u>	<u>\$ 554,474</u>	<u>\$ 1,789,093</u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property and Other Local Taxes	\$ 982,540	\$ 994,201	\$ 994,201	\$ -
Intergovernmental	133,280	91,881	91,881	-
Fines, Licenses, and Permits	3,570	290	290	-
Charges for Services	130,900	90,162	90,162	-
Miscellaneous	29,750	22,430	22,430	-
Total Receipts	<u>1,280,040</u>	<u>1,198,964</u>	<u>1,198,964</u>	<u>-</u>
General Health District	<u>1,265,500</u>	<u>1,265,500</u>	<u>1,054,071</u>	<u>211,429</u>
Total Disbursements	<u>1,265,500</u>	<u>1,265,500</u>	<u>1,054,071</u>	<u>211,429</u>
Excess of Receipts Over Disbursements	14,540	(66,536)	144,893	211,429
Total Other Financing Sources	<u>-</u>	<u>(7,940)</u>	<u>(7,940)</u>	<u>-</u>
Net Change in Fund Balance	14,540	(74,476)	136,953	211,429
Fund Balance Beginning of Year	<u>1,070,027</u>	<u>1,070,027</u>	<u>1,070,027</u>	<u>-</u>
Fund Balances End of Year	<u><u>\$ 1,084,567</u></u>	<u><u>\$ 995,551</u></u>	<u><u>\$ 1,206,980</u></u>	<u><u>\$ 211,429</u></u>

See accompanying notes to the financial statements.

FAYETTE COUNTY GENERAL HEALTH DISTRICT
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Help Me Grow Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Intergovernmental	\$ 203,898	\$ 201,735	\$ 201,735	\$ -
Miscellaneous	8,496	8,099	8,099	-
Total Receipts	<u>212,394</u>	<u>209,834</u>	<u>209,834</u>	<u>-</u>
Help Me Grow	216,894	216,894	211,501	5,393
Total Disbursements	<u>216,894</u>	<u>216,894</u>	<u>211,501</u>	<u>5,393</u>
Excess of Receipts Over Disbursements	(4,500)	(7,060)	(1,667)	5,393
Total Other Financing (Uses)	<u>-</u>	<u>2,840</u>	<u>2,840</u>	<u>-</u>
Net Change in Fund Balance	(4,500)	(4,220)	1,173	5,393
Fund Balance Beginning of Year	<u>26,466</u>	<u>26,466</u>	<u>26,466</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 21,966</u>	<u>\$ 22,246</u>	<u>\$ 27,639</u>	<u>\$ 5,393</u>

See accompanying notes to the financial statements.

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

The Fayette County General Health District, Fayette County, Ohio (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board, which are appointed by the District Advisory Council. The District's services include public health preparedness, communicable disease investigations, immunization clinics, inspections, public health nursing services, vital statistics and issues health-related licenses and permits.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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, to the extent they are applicable to the cash basis of accounting, 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.

A. Basis of Presentation

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible.

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – 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. Non-major 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 governmental funds.

Governmental Funds

Governmental funds are those through which the governmental functions of the District are financed. The following are the District's major governmental funds:

- General Fund – The General Fund includes revenues and expenses related to vital statistics, nursing services, state subsidy, and taxation fees.
- Help Me Grow Fund – This fund is used to account for state and federal funds received for families that have special needs from birth to three years old.

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

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. 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 the object level.

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 and approved by the Fayette County Budget Commission.

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

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.

E. Cash and Investments

The Fayette County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from: Susan V. Dunn, Fayette County Treasurer, 133 South Main Street, Washington Court House, Ohio 43160

F. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

G. Employer Contributions to Cost Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The amount restricted includes amounts restricted for Help Me Grow, Food Services, Family Planning, Healthchek, and other purposes.

I. 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. The District has no reserves for the fiscal years ending 2008 and 2007. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another with a requirement for repayment are reported as interfund advances. Interfund advances are reported as other financing sources/uses in governmental funds. Interfund advances between governmental activities are eliminated on the entity wide statements.

Note 3 – Change in Accounting Principles

For the years ended December 31, 2008 and 2007, the District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and Statement No. 50, *Pension Disclosures*. These statements addresses how state and local governments should account and disclose their costs and obligations related to pension plans, postemployment healthcare and other non-pension benefits. The implementation had no effect to the District's financial statements.

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Budgetary Basis of Accounting

The budgetary basis provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). In 2007 and 2008, there were no outstanding encumbrances.

Note 5 – Risk Management

RISK POOL MEMBERSHIP

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

For occurrences prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, and provides up to \$1,750,000 per claim and \$10,000,000 in aggregate per year.

For occurrences on or after January 1, 2006, PEP retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contribution to APEEP. APEEP reinsures claim exceeding \$350,000, and provides up to \$2,650,000 per claim and \$10,000,000 in aggregate per year.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.

Property Insurance

Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss 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 PEP members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007 (the latest information available):

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

<u>Casualty & Property Coverage</u>	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,824)
Net Assets - unrestricted	<u>\$20,459,329</u>	<u>\$20,219,247</u>

At December 31, 2008 and 2007, respectively, casualty coverage liabilities noted above include approximately \$12.9 million and \$15.0 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$16,615. 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.

<u>Contributions to PEP</u>	
2006	\$8,955
2007	8,640
2008	7,975

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Casualty Coverage

	2008	2007
Assets	31,305,230	32,931,970
Liabilities	<u>(14,126,746)</u>	<u>(15,888,159)</u>
Net Assets – Unrestricted	17,178,484	17,043,811

	2008	2007
Property Coverage	4,464,305	4,628,101
Liabilities	<u>(1,183,460)</u>	<u>(1,452,665)</u>
Net Assets – Unrestricted	3,280,845	3,175,436

	2008	2007
# of members	445	443

	2008	2007
Unpaid claims to be billed	Approx. \$12.9million	Approx. \$15.0 million

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

The Pool's membership increased from 443 members in 2007 to 445 members in 2008.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2008 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

Note 6 – Defined Benefit Pension Plan

The Ohio Public Employees Retirements System (OPERS) has provided the following information to the District in order to assist them in complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* (Statement No. 27), OPERS administers three separate pension plans as described below.

- 1) The Traditional Pension Plan – a cost sharing multiple employer defined benefit pension plan.
- 2) The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employers 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.
- 3) The Combined Plan (CO) – 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 member, 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 member of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code (ORC).

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614)-222-5601 or 1-(800)-222-7377.

The Ohio Revised Code provides statutory authority for members and employer contributions. For 2008 and 2007, member and employer contribution rates were consistent across all three plans.

In 2008, 2007 and 2006 member contribution rates for employees was 10%, 9.5% and 9% respectively, for the District.

The 2008, 2007 and 2006 employer rate was 14%, 13.85% and 13.70% respectively, of covered payroll for the District.

District's contributions for the years ended December 31, 2008, 2007 and 2006 were \$131,102, \$123,147, and \$194,741 respectively: 100 percent has been contributed for 2008, 2007, and 2006.

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 - Postemployment Benefits

A. 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 retirement, disability, and survivor benefits as well as post retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health coverage.

In order to qualify for post-retirement health care coverage, age-and –service retirees under the Traditional Pension and Combined Plans must have 10 years or more of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible member 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 OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614)-222-5601 or 1-(800)-222-7377.

B. 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 benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered 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 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. 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.

C. Information from employer's record

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of the District's for 2008 and 2007 contributions that were used to fund post employment benefits were \$65,551 and \$61,574 respectively.

Fayette County General Health District
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 - Postemployment Benefits (continued)

D. OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004m 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 8 – Intergovernmental Funding

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

The Fayette County Commissioners are serving as a special taxing District to levy a special levy outside the ten-mill limitation to provide the Health District with sufficient funds to carry out health programs. The levy generated \$1,003,733 in 2008 and \$994,201 in 2007. These amounts are included as property taxes.

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Ohio Society of Certified Public Accountants

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*

Fayette County General Health District
Fayette County
317 South Fayette Street
Washington Court House, Ohio 43160

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fayette County General Health District (the District), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 30, 2009 in which we indicate that the District implemented GASB Statements No. 50 and No. 45 and as discussed in Note 2, the District followed the cash basis of accounting, which is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of 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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting: 2008-01.

Fayette County General Health District

Fayette County

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*

Page 2

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

Our consideration of 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. However, we consider the significant deficiency described, finding number 2008-01 to be a material weakness.

We also noted a certain internal control matter that we reported to management of the District in a separate letter dated June 30, 2009.

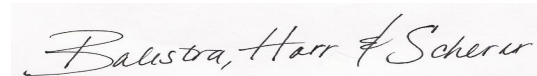
Compliance and Other Matters

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

We did note certain noncompliance or matters that we reported to management of the District in a separate letter dated June 30, 2009.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses, and accordingly, we express no opinion on them.

We intend this report solely for the information and use of the Board of Directors and management. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2009

**FAMILY COUNTY GENERAL HEALTH DISTRICT
FAYETTE COUNTY**

Schedule of Findings and Responses
For the Fiscal Years Ended December 31, 2008 and 2007

Finding 2008-01

Material Weakness – Audit Adjustments

Material reclassifications to the issued financial statements were identified by the Auditor which should have been prevented or detected by the District's internal controls over financial reporting. The material reclassifications were identified in the following area:

- Intergovernmental receipts

The accompanying financial statements were adjusted to reflect corrections of the material reclassifications. The District should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Clients Response:

I will reclassify the United Way funds of \$26,500 for the year 2007 and \$34,772 for the year 2008 to grant revenue in other governmental funds. The \$55,613 for the year 2008 and the \$36,851 for the year 2007 for school nurses contract to charges for services in the general fund.

**Fayette County General Health District
Fayette County**

**Schedule of Prior Audit Findings
December 31, 2008 and 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Noncompliance Citation: Ohio Revised Code 5705.41(D) – Obtaining proper certification for purchases.	Yes	
2006-002	Noncompliance Citation: Ohio Revised Code 5705.38 and 5705.39- Appropriations exceeding estimated resources.	Yes	
2006-003	Significant Deficiency: Estimated receipts and expenditures not posted to the accounting records.	Yes	



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

FAYETTE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 27, 2009**