



Mary Taylor, CPA
Auditor of State

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clermont County General Health District, Clermont County, Ohio (the District), as of and for the year ended December 31, 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 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 Clermont County General Health District, Clermont County, Ohio, as of December 31, 2007, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund, Bioterrorism Grant Fund, WIC Administration Fund, and Sewage Program Fund 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 our report dated August 27, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management 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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

August 27, 2008

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis of the General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the Health 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 Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2007 are as follows:

- The assets of the Health District exceeded its liabilities at the close of the year ended December 31, 2007, by \$864,113 (net assets).
- The Health District's total net assets decreased by \$73,334, which represents a 7.8% decrease from 2006.
- At the end of 2007, the Health District's governmental funds reported a combined ending fund balance of \$577,729. Of this amount, \$478,089 is available for spending (unreserved fund balance) on behalf of Clermont County citizens.
- At the end of the 2007 fiscal year, the unreserved fund balance for the general fund was \$132,213, or 9.1% 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 Health 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 Health District, presenting both an aggregate view of the Health 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 Health District's most significant funds with all other non-major funds presented in total in one column.

Reporting the Health District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the Health District to provide services to our citizens, the view of the Health District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all

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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 Health 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 Health District as a whole, the financial position of the Health District has improved or diminished. However, in evaluating the overall position of the Health District, nonfinancial information such as the condition of the Health 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 Health 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 Health 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 Health District are governmental funds. Fund financial reports provide detailed information about the Health District's major funds.

Based on restrictions on the use of monies, the Health District has established many funds which account for the multitude of services provided. However, these fund financial statements focus on the Health District's most significant funds. In the case of the Clermont County Health District, the major funds are the General, Bioterrorism Grant, WIC Administration and Sewage Program. The analysis of the Health 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 Health 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 Health 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.

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Management's Discussion and Analysis
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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 Health District, assets exceeded liabilities by \$864,113 as of December 31, 2007.

Table 1 provides a summary of the Health District's net assets for 2007 compared to 2006.

Table 1
Net Assets
(In Thousands)

	Governmental Activities	
	2007	2006
Assets		
Current & Other Assets	\$1,098.0	\$1,149.8
Capital Assets, Net	128.0	171.4
<i>Total Assets</i>	1,226.0	1,321.2
Liabilities		
Current & Other Liabilities	118.7	141.5
Long-Term Liabilities		
Due Within One Year	42.9	31.5
Due in More Than One Year	200.3	210.8
<i>Total Liabilities</i>	361.9	383.8
Net Assets		
Invested in Capital Assets Net of Debt	128.0	171.4
Restricted:		
Other Purposes	730.7	703.8
Unrestricted	5.4	62.3
<i>Total Net Assets</i>	\$864.1	\$937.4

The Health District's Current Assets decreased approximately \$52,000 due to the use of reserves during the 2007 fiscal year caused by a decrease in permits issued as a result of the downturn in construction in Clermont County. Capital Assets decreased over \$43,000 due to depreciation of existing assets and no capital assets were purchased in 2007.

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Management's Discussion and Analysis
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Table 2 provides a summary of the changes in net assets for 2007 compared to 2006.

Table 2
Changes in Net Assets
(In Thousands)

	<u>2007</u>	<u>2006</u>
Program Revenues:		
Charges for Services	\$1,734.7	\$2,060.5
Operating Grants and Contributions	1,705.7	1,644.0
General Revenues:		
Other	0.0	0.1
<i>Total Revenues</i>	<u>3,440.4</u>	<u>3,704.6</u>
Program Expenses		
Health:		
Environmental Health	1,429.5	1,625.7
Community Health Services	806.5	953.0
Health Promotion and Planning	277.7	248.7
Administration	1,000.0	973.3
<i>Total Expenses</i>	<u>3,513.7</u>	<u>3,800.7</u>
<i>Increase/Decrease in Net Assets</i>	<u>(\$73.3)</u>	<u>(\$96.1)</u>

Governmental Activities

Overall expenses decreased by \$287,000 and revenues decreased by \$264,200. The decrease in revenue is a result of the decline in the construction industry within the county that directly affects revenue from permits. The Health District's governmental activities include Environmental Health, Community Health Services, Health Promotion and Planning and Administration. Major programs in Environmental Health include Food Service, Marina, Solid Waste, Manufactured Home Park, Private Water, Private Sewage, Swimming Pool, Infectious Waste and Plumbing Inspections. Environmental Health saw a decrease in expenditures over \$196,000 in 2006 compared to 2007. This was due to moving activities related to the Sewage Program Fund to a separate fund in 2007. Additionally an Environmental Technician position was eliminated and a sanitarian position was left open in 2007.

Community Health Services includes the Bureau for Children with Medical Handicaps Program which provides diagnostic and treatment programs that link families with providers, the Tuberculosis Program, providing Tuberculosis skin testing and case management, Vision and Hearing program, providing no cost screenings to families, Senior Safety Program, working to reduce injuries among senior citizens, the Pathways Program which assists pregnant teens, Help Me Grow/Every Child Succeeds which provides newborn home visits, and Women, Infants and Children (WIC) who's goal is to improve the nutritional status of mothers, infants, and children during critical stages of growth and development. Expenses for Community Health Services decreased by \$147,000 in 2007 compared to 2006. The Health District discontinued being the primary contractor for Every Child Succeeds July 1, 2006. The Health District no longer processes pass through funds for other contractors; however, still receives funding as a subcontractor.

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Major programs in Health Promotion and Planning are the Bioterrorism (Infrastructure) Program which ensures public health is ready and able to respond to major emergencies or terrorism events and the Safe Communities Program whose goal is to reduce the number of traffic fatalities. Health Promotion and Planning revenues increased by \$29,000 in 2007 compared to 2006 as a result of increased grant funding in the Bioterrorism Program.

Administration includes the overall administration of the Health District including fiscal management and support staff. Administration is also comprised of the Public Health Nuisance Program which addresses nuisance complaints made by citizens, administration of the Water and Waste Division and administration for the Nursing Division including support services including the Communicable Disease Program for tracking and conducting disease surveillance and the Immunization Program, providing low cost immunizations for children and adults.

The Health District's strategy to secure the maximum amount of grants and contracts that are provided by the state and federal governments continues to be productive. Grants include Safe Communities, Bioterrorism (Infrastructure), Immunization, Preventive Health – Senior Safety, and Women, Infants, and Children (WIC). The Health District also holds contracts with Clermont County MRDD to provide services for Help Me Grow/Every Child Succeeds, Hamilton County Health District for Cities Readiness Initiative, the Clermont County Board of Commissioners for the Tuberculosis program and with Grant Vocational School for the Pathways program.

Financial Analysis of the Health District's Funds

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

Governmental Funds: The focus of the Health 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 Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Health District's governmental funds reported combined ending fund balances of \$577,729. Of this amount, \$478,089 constitutes unreserved fund balance, which is available for spending. The remainder of fund balance is reserved to indicate that it is not available for new spending (\$99,640). 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 Health District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$132,213. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 9.1% of the total general fund expenditures.

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Management's Discussion and Analysis
For the Year Ended December 31, 2007
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Revenues exceeded expenditures in the General Fund by \$71,853 in 2007. Intergovernmental and Other revenues account for 62.3% of revenues in the General Fund. This consists of money from the townships, villages, and the City of Milford. Administration accounts for the majority, \$913,340 of expenditures in the General Fund.

The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children (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 \$104,547.

The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the Health District Emergency Operation Plan, all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with involvement of key partners in Clermont County as well as regional partners. At the end of the 2007 fiscal year the ending fund balance was \$36,610.

The new Sewage Program Special Revenue Fund accounts for permits and licenses for the Residential Sewage Program. This fund was created in 2006 as required by legislation that went into effect in 2007. The program is responsible for reviewing private sewage treatment system applications, issuing permits for installation and conducting inspections of the installation. The program also conducts basic system assessments of existing private sewage systems to ensure compliance with local and state laws. At the end of the current fiscal year the ending fund balance was \$10,216.

General Fund Budgeting Highlights

The Health District's budget is prepared according to Ohio Law by October two years prior to the fiscal year and adopted by the Board of Health by December of the same year. The budget is then approved by the Clermont County Budget Commission in May, the year prior to the fiscal year. The 2007 budget, for example, was prepared in October, 2005, adopted by the Board of Health by December, 2005, and approved by the budget commission in May of 2006. The budget is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2007, the Health District amended its general fund budget numerous times, the most significant noted below. All recommendations for the budget were reviewed by the Clermont County Board of Health for adoption on the change. With the General Fund supporting many of our major activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending. A summary of noted differences and explanations:

- In early 2007 the entire budget was looked at and revised based on the revenue received in 2006. The Health District anticipated shortfalls in revenue from licensing and permits and took action to reduce expenditures early in the year.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Management's Discussion and Analysis
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Unaudited

- The original budget was reduced significantly from the final budget in 2007. This is a result of the creation of Fund 725 Sewage Program Special Revenue Fund where the financial activities of the program are now accounted for.
- Licensing and permits in the General Fund received \$210,000 less than estimated. Overall the number of single family residential building permits issued in 2007 compared to 2006 for Clermont County decreased by 25%. This has a direct impact on plumbing permits and water and waste permits at the Health District. In 2007 the number of plumbing permits issued decreased by 25% compared to 2006.

Capital Assets

The Health District's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$128,009 (net of accumulated depreciation). This investment in capital assets includes vehicles, furniture, and equipment.

Note 5 (Capital Assets) provides capital asset activity during 2007.

No capital assets were purchased during 2007.

Economic Factors and 2009 Budget

Clermont County experienced a downturn in residential growth in 2006 which continued through 2007. This correlates to a decrease in the number of permits and licenses. The Health District maintains a conservative approach to spending while maximizing its revenues. Current economic indicators show that the economy should remain at its current pace. The Health District has taken steps to compensate for the decrease in revenues as a result of down turned growth by eliminating an Environmental Technician position and a Public Health Nurse position and leaving a vacant sanitarian position open in 2007. The Health District has eliminated the purchase of capital assets in 2008. In addition the Health District reduced staff by one through attrition and internal restructuring in 2008. The Health District's portion of state-based program revenue will be affected by the fiscal year 2009 State budget bill; however, public health funding appears to remain even in 2009.

All of these factors were considered in the preparation of the Health District's 2009 budget. The Health District has decreased its 2009 budget by 0.84% in an attempt to continue providing public health services with the revenue projection based on current economic factors.

Requests for Information

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the Health District's finances and to show the Health District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joy Kohlem, Clermont County General Health District, Fiscal Officer, 2275 Bauer Rd., Batavia, Ohio 45103, (513)732-7499, (email at cchealth@co.clermont.oh.us) or visit the Health District website at www.clermonthhealthdistrict.org.

Clermont County General Health District
Clermont County
Statement of Net Assets
December 31, 2007

	<u>Governmental</u> <u>Activities</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 483,679
Accounts Receivable	140
Intergovernmental Receivable	611,087
Prepaid Items	3,124
Noncurrent Assets:	
Capital Assets:	
Furniture, Fixtures, and Equipment	447,824
Accumulated Depreciation:	
Furniture, Fixtures, and Equipment	<u>(319,815)</u>
<i>Total Assets</i>	<u>1,226,039</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	15,203
Accrued Wages and Benefits	85,610
Intergovernmental Payable	17,891
Long-Term Liabilities:	
Due Within One Year	42,869
Due in More Than One Year	200,353
<i>Total Liabilities</i>	<u>361,926</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	128,009
Restricted for Grants	730,690
Unrestricted	<u>5,414</u>
<i>Total Net Assets</i>	<u><u>\$ 864,113</u></u>

See accompanying notes to the basic financial statements

Clermont County General Health District
Clermont County
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Health:				
Environmental Health	\$ 1,429,486	\$ 1,415,668	\$ 18,271	\$ 4,453
Community Health Services	806,565	221,881	612,737	28,053
Health Promotion and Planning	277,709	0	271,566	(6,143)
Administration	1,000,001	97,176	803,128	(99,697)
	<u>3,513,761</u>	<u>1,734,725</u>	<u>1,705,702</u>	<u>(73,334)</u>
<i>Total Governmental Activities</i>				
	<u>3,513,761</u>	<u>1,734,725</u>	<u>1,705,702</u>	<u>(73,334)</u>
				(73,334)
				937,447
				\$ 864,113

See accompanying notes to the basic financial statements

Clermont County General Health District
Clermont County
Balance Sheet
Governmental Funds
December 31, 2007

	<u>General Fund</u>	<u>Bioterrorism Grant</u>	<u>WIC Administration</u>	<u>Sewage Program</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 141,841	\$ 24,925	\$ 7,169	\$ 23,017
Accounts Receivable	140	0	0	0
Interfund Receivable	122,094	0	0	0
Intergovernmental Receivable	0	142,245	442,081	0
Prepaid Items	823	1,626	141	39
	<u>\$ 264,898</u>	<u>\$ 168,796</u>	<u>\$ 449,391</u>	<u>\$ 23,056</u>
LIABILITIES:				
Accounts Payable	\$ 6,308	\$ 312	\$ 1,131	\$ 2,103
Accrued Wages and Benefits	22,377	6,110	9,726	9,279
Intergovernmental Payable	4,407	934	1,481	1,458
Interfund Payable	0	30,000	52,500	0
Deferred Revenue	0	94,830	280,006	0
	<u>33,092</u>	<u>132,186</u>	<u>344,844</u>	<u>12,840</u>
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	0	0	0	0
Reserved for Advances	99,593	0	0	0
Unreserved, Undesignated, Reported in:				
General Fund	132,213	0	0	0
Special Revenue Funds	0	36,610	104,547	10,216
	<u>231,806</u>	<u>36,610</u>	<u>104,547</u>	<u>10,216</u>
Total Fund Balances	<u>231,806</u>	<u>36,610</u>	<u>104,547</u>	<u>10,216</u>
Total Liabilities and Fund Balances	<u>\$ 264,898</u>	<u>\$ 168,796</u>	<u>\$ 449,391</u>	<u>\$ 23,056</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2007*

<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
		Total Governmental Fund Balances	\$ 577,729
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$ 286,727 0 0 26,761 495 <hr style="width: 100%;"/> \$ 313,983	\$ 483,679 140 122,094 611,087 3,124 <hr style="width: 100%;"/> \$ 1,220,124	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	128,009
		Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
		Intergovernmental Revenues	401,597
\$ 5,349 38,118 9,611 39,594 26,761 <hr style="width: 100%;"/> 119,433	\$ 15,203 85,610 17,891 122,094 401,597 <hr style="width: 100%;"/> 642,395	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.	
		Compensated Absences	<u>(243,222)</u>
		<i>Net Assets of Governmental Activities</i>	<u>\$ 864,113</u>
47 0 0 194,503 <hr style="width: 100%;"/> 194,550 <hr style="width: 100%;"/> \$ 313,983	47 99,593 132,213 345,876 <hr style="width: 100%;"/> 577,729 <hr style="width: 100%;"/> \$ 1,220,124		

Clermont County General Health District
Clermont County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	<u>General Fund</u>	<u>Bioterrorism Grant</u>	<u>WIC Administration</u>	<u>Sewage Program</u>
REVENUES:				
Charges for Services	\$ 146,112	\$ 0	\$ 0	\$ 0
Licenses and Permits	399,779	0	0	417,706
Intergovernmental	821,399	223,575	507,217	0
Other	79,484	0	0	84
<i>Total Revenues</i>	<u>1,446,774</u>	<u>223,575</u>	<u>507,217</u>	<u>417,790</u>
EXPENDITURES:				
Current:				
Health:				
Environmental Health	461,581	0	0	487,474
Community Health Services	0	0	469,138	0
Health Planning and Promotion	0	238,815	0	0
Administration	913,340	0	0	0
<i>Total Expenditures</i>	<u>1,374,921</u>	<u>238,815</u>	<u>469,138</u>	<u>487,474</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>71,853</u>	<u>(15,240)</u>	<u>38,079</u>	<u>(69,684)</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	0	0	0	80,000
Proceeds from Sale of Capital Assets	3,082	0	0	0
Transfers Out	(80,000)	0	0	0
<i>Total Other Financing Sources and Uses</i>	<u>(76,918)</u>	<u>0</u>	<u>0</u>	<u>80,000</u>
<i>Net Change in Fund Balance</i>	(5,065)	(15,240)	38,079	10,316
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>236,871</u>	<u>51,850</u>	<u>66,468</u>	<u>(100)</u>
<i>Fund Balance at End of Year</i>	<u>\$ 231,806</u>	<u>\$ 36,610</u>	<u>\$ 104,547</u>	<u>\$ 10,216</u>

See accompanying notes to the basic financial statements.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
*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, 2007*

<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
		Net Change in Fund Balances - Total Governmental Funds	\$ (36,009)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$ 85,779	\$ 231,891		
468,861	1,286,346		
146,518	1,698,709		
136,920	216,488	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.	
838,078	3,433,434	Depreciation expense	(43,412)
		Certain licenses and other revenues that do not provide current financial resources are not reported as revenues in the fund.	
500,864	1,449,919		
361,150	830,288		
40,163	278,978	Intergovernmental revenue	6,993
0	913,340	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
902,177	3,472,525	Compensated Absences Payable	(906)
(64,099)	(39,091)	<i>Change in Net Assets of Governmental Activities</i>	\$ (73,334)
0	80,000		
0	3,082		
0	(80,000)		
0	3,082		
(64,099)	(36,009)		
258,649	613,738		
\$ 194,550	\$ 577,729		

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2007

General Fund

	Original Budget	Final Budget	Actual	Variance with Final budget Positive (Negative)
Revenues:				
Charges for services	\$ 102,340	\$ 104,340	\$ 146,112	\$ 41,772
Licenses and permits	1,292,275	610,333	399,849	(210,484)
Intergovernmental	801,919	806,976	821,399	14,423
Other revenues	<u>0</u>	<u>0</u>	<u>79,484</u>	<u>79,484</u>
Total revenues	<u>2,196,534</u>	<u>1,521,649</u>	<u>1,446,844</u>	<u>(74,805)</u>
Expenditures:				
Current:				
Administration	911,370	918,527	909,794	8,733
Environmental health	<u>1,292,275</u>	<u>522,333</u>	<u>498,347</u>	<u>23,986</u>
Total expenditures	<u>2,203,645</u>	<u>1,440,860</u>	<u>1,408,141</u>	<u>32,719</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(7,111)</u>	<u>80,789</u>	<u>38,703</u>	<u>(42,086)</u>
Other financing sources (uses):				
Operating transfers (out)	0	(80,000)	(80,000)	0
Advances (out)	0	(23,000)	(22,500)	500
Proceeds from the sale of capital assets	<u>0</u>	<u>0</u>	<u>3,082</u>	<u>3,082</u>
Total other financing sources (uses)	<u>0</u>	<u>(103,000)</u>	<u>(99,418)</u>	<u>3,582</u>
Net Change in Fund Balance	(7,111)	(22,211)	(60,715)	(38,504)
Fund balance at beginning of year	195,348	195,348	195,348	0
Prior year encumbrances appropriated	<u>7,208</u>	<u>7,208</u>	<u>7,208</u>	<u>0</u>
Fund balance at end of year	<u>\$ 195,445</u>	<u>\$ 180,345</u>	<u>\$ 141,841</u>	<u>\$ (38,504)</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

*Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2007*

Bioterrorism Grant Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 185,000	\$ 212,198	\$ 231,191	\$ 18,993
Total revenues	<u>185,000</u>	<u>212,198</u>	<u>231,191</u>	<u>18,993</u>
Expenditures:				
Current:				
Health planning and promotion	185,169	240,040	239,220	820
Total expenditures	<u>185,169</u>	<u>240,040</u>	<u>239,220</u>	<u>820</u>
Net Change in Fund Balance	(169)	(27,842)	(8,029)	19,813
Fund balance at beginning of year	32,786	32,786	32,786	0
Prior year encumbrances appropriated	168	168	168	0
Fund balance at end of year	<u>\$ 32,785</u>	<u>\$ 5,112</u>	<u>\$ 24,925</u>	<u>\$ 19,813</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

*Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2007*

WIC Administration Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 440,000	\$ 440,000	\$ 420,259	\$ (19,741)
Total revenues	<u>440,000</u>	<u>440,000</u>	<u>420,259</u>	<u>(19,741)</u>
Expenditures:				
Current:				
Community health services	440,000	474,647	470,872	3,775
Total expenditures	<u>440,000</u>	<u>474,647</u>	<u>470,872</u>	<u>3,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(34,647)</u>	<u>(50,613)</u>	<u>(15,966)</u>
Other financing sources:				
Advances in	0	0	22,500	22,500
Total other financing sources	<u>0</u>	<u>0</u>	<u>22,500</u>	<u>22,500</u>
Net Change in Fund Balance	0	(34,647)	(28,113)	6,534
Fund balance at beginning of year	<u>35,282</u>	<u>35,282</u>	<u>35,282</u>	<u>0</u>
Fund balance at end of year	<u>\$ 35,282</u>	<u>\$ 635</u>	<u>\$ 7,169</u>	<u>\$ 6,534</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

*Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2007*

Sewage Program Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final budget Positive (Negative)
Revenues:				
Licenses and permits	\$ 100,000	\$ 420,034	\$ 417,706	\$ (2,328)
Other revenues	0	0	84	84
Total revenues	<u>100,000</u>	<u>420,034</u>	<u>417,790</u>	<u>(2,244)</u>
Expenditures:				
Current:				
Environmental Health	<u>100,000</u>	<u>500,034</u>	<u>474,773</u>	<u>25,261</u>
Total expenditures	<u>100,000</u>	<u>500,034</u>	<u>474,773</u>	<u>25,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(80,000)</u>	<u>(56,983)</u>	<u>23,017</u>
Other financing sources:				
Transfers in	<u>0</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Total other financing sources	<u>0</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	23,017	23,017
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,017</u>	<u>\$ 23,017</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 – Reporting Entity

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits and emergency response planning.

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

As required by generally accepted accounting principles, the financial statements present the Health District (the primary government). The primary government includes all funds, departments and boards for which the Health District is financially accountable. The Health District does not have any component units.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Health 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 Health District's accounting policies.

A. Basis of Presentation

The Health 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 Health District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through payments from townships and villages, intergovernmental receipts or other nonexchange transactions.

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 Health District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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 Health 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 Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health 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 Health 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 Health 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 Health District are presented in one category; governmental.

Governmental Funds

Governmental funds are those through which all governmental functions of the Health 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 must 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 Health 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 Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

WIC Administration Special Revenue Fund – The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children program.

Bioterrorism Special Revenue Fund – The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts.

Sewage Program Special Revenue Fund – The Sewage Fund accounts for all permits, applications and basic system assessment fees for the residential sewage program.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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

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 assets 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 Health District, available means expected to be received within thirty days of year-end.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

Non-exchange transactions, in which the Health District receives value without directly giving equal value in return include monies from villages, townships, and the City of Milford, grants, entitlements and donations. Revenue from township and village monies, 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 also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: grants 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.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

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 County Board of Health during the year.

F. Cash and Investments

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health 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 the Clermont County Auditor, Linda L. Fraley, 101 E Main St. 2nd Floor, Batavia, Ohio 45103, www.clermontauditor.org, (513) 732-7150.

G. Prepaid Items

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

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

H. 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 an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. 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>
Vehicles	5-10
Furniture & Equipment	5-10

I. Interfund Transactions

On fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net assets.

J. 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.

Unused vacation is payable upon termination of employment. Employees with a minimum of 6 months of service become vested in accumulated unpaid vacation. July 1, 2007 the Board of Health changed the vacation leave policy to decrease the amount of vacation hours employees may accumulate during the year. The policy for the first half of 2007 required employees to take vacation leave within 24 months of accrual allowing employees to potentially accumulate up to 400 hours of vacation. The policy implemented on July 1, 2007 does not allow employees to accumulate more than 200 hours of vacation leave at any given time. Employees in excess of the 200 hours at the time the policy was adopted have until July 1, 2009 to reduce accumulated totals below 200 hours. Unused sick time may be accumulated until retirement. Employees'

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

eligible to retire under a District recognized retirement plan, with a minimum of ten years of 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, personal and compensation payments are made at employees' current wage rates.

K. 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.

L. 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 Board of Health or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Health 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.

M. Fund Balance Reserves

The Health 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 and for interfund receivable.

N. Interfund Transactions

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.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

O. 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 – Budgetary Basis of Accounting

While the Health 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 with the budget. 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 sheets transactions (GAAP).

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 and Major Special Revenue Funds**

	<u>General</u>	<u>Bioterrorism</u>	<u>WIC Administration</u>	<u>Sewage Program</u>
GAAP Basis	\$ (5,065)	\$ (15,240)	\$ 38,079	\$ 10,316
Net Adjustment for Revenue Accruals	70	7,616	(86,958)	0
Net Adjustment for Expenditure Accruals	(33,220)	(405)	(1,734)	12,701
Net Adjustment for Advances	(22,500)	0	22,500	0
Budget Basis	<u>\$ (60,715)</u>	<u>\$ (8,029)</u>	<u>\$ (28,113)</u>	<u>\$ 23,017</u>

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 4 – Receivables

Receivables at December 31, 2007 consisted of charges for services, interfund and intergovernmental receivables arising from grants. A summary of the items of intergovernmental receivables follows:

Bioterrorism Grant	\$	142,245
WIC		442,081
IAP		7,640
Safe Communities		7,707
PHHS Block Grant		11,414
Total	\$	611,087

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2007</u>
Governmental Activities				
Capital Assets being depreciated:				
Furniture, Fixtures, and Equipment	\$ 483,694	\$ 0	\$ (35,870)	\$ 447,824
Total Capital Assets at Historical cost being depreciated	483,694	0	(35,870)	447,824
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(312,273)	(43,412)	35,870	(319,815)
Total Accumulated Depreciation	(312,273)	(43,412)	35,870	(319,815)
Governmental Activities Capital Assets, Net	\$ 171,421	\$ (43,412)	\$ 0	\$ 128,009

Depreciation expense was charged to governmental functions as follows:

Environmental Health	\$24,438
Community Health Services	1,700
Health Promotion and Planning	6,206
Administration	11,068
Total Depreciation Expense - Governmental Activities	\$43,412

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 6 – Interfund Receivables/Payables

Individual fund interfund assets/liabilities balances as of December 31, 2007, related to the primary government were as follows:

GOVERNMENTAL ACTIVITIES	ASSET	LIABILITY
	Interfund Receivable	Interfund Payable
General	\$122,094	
Bioterrorism Grant		\$30,000
WIC		52,500
Nonmajor Governmental Funds		39,594
TOTAL	\$122,094	\$122,094

Note 7 – Amendments to Original Appropriations Budget

Amendments beyond the object level must be approved by the Board of Health. In 2007, the original appropriation measure was increased and decreased by the Board with the net effect as follows: General Fund (\$659,785) and Special Revenue Funds \$610,920.

Note 8 - Risk Management

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

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

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

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, 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.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 8 - Risk Management (continued)

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 on or 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 values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

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 the latest information available:

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

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Council's share of these unpaid claims collectible in future years is approximately \$30,167. This payable includes the subsequent year's contribution due if the Council terminates participation, as described in the last paragraph below.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 8 - Risk Management (continued)

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>	
2005	\$24,862
2006	\$25,772
2007	\$26,232

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 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 was incurred or reported prior to the withdrawal.

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System

(OPERS) which is a public employee retirement system created by the State of Ohio. OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan - a cost sharing multiple-employer defined benefit pension plan;
- The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent 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 - 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 Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 9 - Defined Benefit Pension Plans (continued)

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, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. The employee contribution rate for 2007 was 9.5% for employees. The 2007 employer contribution rate was 13.85% of covered payroll. The District's contributions to PERS for the years ended December 31, 2007, 2006 and 2005 were \$311,558; \$306,100; and \$261,258, respectively, 100% has been contributed for the years 2007, 2006, and 2005.

Note 10 - Post-Employment Benefits Other Than Pension Benefits

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Tradition Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the Tradition Pension and Combined Plans 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 45.

The 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.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 2007 employer contribution rate was 13.85% of covered payroll for employees. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for employees. 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 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The District's actual contributions for 2007 which was used to fund OPEB were \$123,720 for employees. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 10 - Post-Employment Benefits Other Than Pension Benefits (continued)

provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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 will allow additional funds to be allocated to the health care plan.

Note 11 – Other Employee Benefits

Health District employees have the option of participating in four state-wide deferred compensation plans created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred pay and any income earned thereon is not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered “made available” just because a trust, custodial account or annuity contract holds these amounts. The Plan Agreement states that the County and the plan administrators have no liability for losses under the plan with the exception of fraud or wrongful taking.

Note 12 – Contingent Liabilities

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

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**CLERMONT COUNTY HEALTH DISTRICT
CLERMONT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Health</i>			
Preventive Health and Health Services Block Grant - Injury Prevention	N/A	93.991	\$32,355
Immunization Grants	N/A	93.268	42,300
Centers for Disease Control and Prevention; Investigations and Technical Assistance	N/A	93.283	<u>239,220</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			313,875
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Public Safety</i>			
State and Community Highway Safety Grant	N/A	20.600	<u>41,040</u>
TOTAL DEPARTMENT OF TRANSPORTATION			41,040
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	N/A	10.557	<u>470,801</u>
TOTAL DEPARTMENT OF AGRICULTURE			470,801
TOTAL			<u>\$ 825,716</u>

The accompanying notes to this schedule are an integral part of this schedule.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - 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 on the Schedule.



Mary Taylor, CPA

Auditor of State

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

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clermont County General Health District, Clermont County, Ohio (the District), as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, the Board, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 27, 2008



Mary Taylor, CPA

Auditor of State

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

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

To the Members of the Board:

Compliance

We have audited the compliance of Clermont County General Health District, Clermont County, Ohio (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 apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

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

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

Mary Taylor, CPA
Auditor of State

August 27, 2008

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

GENERAL HEALTH DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 11, 2008**