
**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2005**

Whited Seigneur Sams & Rahe, LLP
CERTIFIED PUBLIC ACCOUNTANTS



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**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Fairfield County Combined General Health District, Fairfield County, prepared by Whited, Seigneur, Sams & Rahe, LLP, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 1, 2006

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**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT**

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**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT**

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Whited Seigneur Sams & Rahe, LLP

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June 20, 2006

Fairfield County Combined General Health District
Fairfield County

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County Combined General Health District, Fairfield County, Ohio, (the District) as of and for the year ended December 31, 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. 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 above present fairly, in all material respects, the respective cash basis position of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield County Combined General Health District, Fairfield County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Tobacco Use Prevention, Public Health Nursing, Water Systems, Help Me Grow Grant, Bioterrorism Grant, and Landfill C and DD Disposal Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - And Management's Discussion and Analysis - for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2006 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'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.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of Fairfield County Combined General Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2005, within the limitations of the District's cash basis accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2005 were as follows:

Net assets of governmental activities decreased \$31,448 or 9 percent as compared to 2004. The primary reason for the decrease in cash balances was due to a reduction in grant awards for 2005.

The District's general receipts are primarily property taxes and intergovernmental revenue from the District Advisory Council. These receipts represent approximately 17 percent of the total cash received for governmental activities during the year.

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 the District's two funds 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

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Basis of Accounting (Continued)

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.

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2005, 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, licenses, permits and fees 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. Within the limitations of the cash basis of accounting, these changes are 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, other non-financial factors should be considered as well, including the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources.

The statement of net assets and the statement of activities present governmental activities, which includes all the District's services. The District has no business-type activities.

Reporting the District's 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. This helps 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 funds are governmental.

Governmental Funds - 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 District has six funds which are presented as majors. The District has twelve non-major funds (funds whose activity or balances are not large enough to warrant separate reporting). Because the District reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

The District as a Whole

Table 1 provides a summary of the District's net assets for 2005 compared to 2004 and 2003 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2005	2004	2003
Assets			
Cash	\$ 309,097	\$ 340,545	\$ 515,077
Total Assets	\$ 309,097	\$ 340,545	\$ 515,077
Net Assets			
Restricted for:			
Capital Outlay	\$ -	\$ 1,179	\$ -
Other Purposes	27,523	36,127	72,547
Unrestricted	281,574	303,239	442,530
Total Net Assets	\$ 309,097	\$ 340,545	\$ 515,077

As mentioned previously, net assets of governmental activities decreased \$31,448 or 9 percent during 2005. The primary reason for the decrease in cash balances was due to a reduction in grant funding.

Table 2 reflects the changes in net assets in 2005 and 2004.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

(Table 2)
Changes in Net Assets

	Governmental 2005	Activities 2004
	<u>2005</u>	<u>2004</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 722,673	\$ 601,003
Licenses, Fees and Permits	430,677	410,379
Operating Grants and Contributions	1,825,167	1,740,446
Total Program Receipts	<u>2,978,517</u>	<u>2,751,828</u>
General Receipts:		
Property Taxes	542,092	404,013
Grants and Entitlements Not Restricted	35,000	46,400
Intergovernmental Revenue	116,835	223,671
Donations	11,109	11,902
Miscellaneous	50,680	38,205
Total General Receipts	<u>755,716</u>	<u>724,191</u>
Special Item - Proceeds from Sale of Asset	457	0
Total Receipts	<u>3,734,690</u>	<u>3,476,019</u>
Disbursements:		
General Government:		
Personal Services	1,919,901	1,864,071
Fringe Benefits	760,819	697,272
Materials and Supplies	234,611	206,606
Contractual Services	816,543	803,243
Total General Government	<u>3,731,874</u>	<u>3,571,192</u>
Capital Outlay	<u>34,264</u>	<u>79,359</u>
Total Disbursements	<u>3,766,138</u>	<u>3,650,551</u>
Increase (Decrease) in Net Assets	(31,448)	(174,532)
Net Assets Beginning of Year	<u>340,545</u>	<u>515,077</u>
Net Assets End of Year	<u>\$ 309,097</u>	<u>\$ 340,545</u>

In 2005, program receipts represent 80 percent of total receipts and are primarily comprised of charges for services, licenses, permits and operating grants. General receipts represent 20 percent of the District's total receipts. Miscellaneous receipts are variable and unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the District and the support services provided for the other Governmental activities. General Government disbursements represented 99 percent of total disbursements and are comprised of employee wages and benefits, materials and supplies, and contractual services.

General receipts represent 20 percent of the District's total receipts.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Governmental Activities

The first column on the Statement of Activities for 2005 on page 11 lists the major disbursement categories of the District. The next column identifies the amount of these disbursements. In 2005, the major program disbursements for governmental activities were General Government, which accounted for 99 percent of all disbursements. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the services, licenses, permits and grants and contributions received by the District that must be used to provide a specific service. The Net (Disbursements) Receipts 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 property taxes, intergovernmental revenue from the District Advisory Council for support, donations and miscellaneous. 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.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2005	2005	2004	2004
General Government:				
Personal Services	\$1,919,901	\$401,513	\$1,864,071	\$458,912
Fringe Benefits	760,819	159,112	697,272	171,660
Materials and Supplies	234,611	49,065	206,606	50,864
Contractual Services	816,543	170,765	803,243	197,749
Capital Outlay	34,264	7,166	79,359	19,538
Total Expenses	<u>\$3,766,138</u>	<u>\$787,621</u>	<u>\$3,650,551</u>	<u>\$898,723</u>

In 2005, 80 percent of disbursements were supported by program receipts. The remaining 20 percent of governmental activities were supported by property taxes and support from the District Advisory Council and fund balance.

The District's Funds

In 2005, total governmental funds had receipts of \$3,734,690 including \$457 from proceeds from sales of an asset, and disbursements of \$3,766,138. The fund balance of the General Fund decreased \$26,331 as result of hiring of additional staff which increased the personal services and fringe benefit categories.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law which requires the District estimate receipts, approve appropriations, and encumber funds. The most significant budgeted fund is the General Fund.

The District amended budgeted receipts and appropriations during 2005. Actual receipts of \$1,178,747 were \$20,487 less than anticipated due to a decrease in grant funding and lower fees collected. Actual disbursements of \$1,155,176 were in line with the final disbursement budget of \$1,155,180.

Capital Assets and Debt Administration

Capital Assets

The District follows Fairfield County's policy for fixed asset control, which includes a \$5,000 capitalization threshold.

Debt

At December 31, 2005, the District had no outstanding debt.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Paulette Tiller – Fiscal Officer, 1587 Granville Pike, Lancaster, Ohio 43130.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
STATEMENT OF NET ASSETS – CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
Assets	
Cash	\$ <u>309,097</u>
Total Assets	\$ <u><u>309,097</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 296,281
Unrestricted	<u>12,816</u>
Total Net Assets	\$ <u><u>309,097</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Licenses Permits and Fees	Operating Grants and Contributions	Governmental Activities
Governmental Activities					
General Government					
Personal Services	\$ 1,919,901	\$ 368,404	\$ 219,550	\$ 930,433	\$ (401,513)
Fringe Benefits	760,819	145,991	87,004	368,712	(159,112)
Materials and Supplies	234,611	45,019	26,829	113,699	(49,065)
Contractual Services	816,543	156,684	93,376	395,718	(170,765)
Capital Outlay	34,264	6,575	3,918	16,605	(7,166)
Total Governmental Activities	\$ 3,766,138	\$ 722,673	\$ 430,677	\$ 1,825,167	(787,621)
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			542,092
		Grants and Entitlements not Restricted to Specific Programs			35,000
		Intergovernmental – District Advisory Council Support			116,835
		Donations			11,109
		Miscellaneous			50,680
		Total General Receipts			755,716
		Special Item – Proceeds from Sale of Asset			457
		Total General Receipts, Special Item, Transfers and Advances			756,173
		Change in Net Assets			(31,448)
		Net Assets Beginning of Year			340,545
		Net Assets End of Year			\$ 309,097

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2005**

	<u>General</u>	<u>Tobacco Use Prevention Fund</u>	<u>Public Health Nursing Fund</u>	<u>Water Systems Fund</u>	<u>Help Me Grow Grant Fund</u>	<u>Bioterrorism Grant Fund</u>	<u>Landfill CC & DD Disposal Funds</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Fund</u>
Assets									
Cash	\$ 12,816	\$ 79,272	\$ 38,390	\$ 8,475	\$ 23,116	\$ 32,227	\$ 34,007	\$ 80,794	\$ 309,097
Total Assets	<u>\$ 12,816</u>	<u>\$ 79,272</u>	<u>\$ 38,390</u>	<u>\$ 8,475</u>	<u>\$ 23,116</u>	<u>\$ 32,227</u>	<u>\$ 34,007</u>	<u>\$ 80,794</u>	<u>\$ 309,097</u>
Fund Balances									
Reserved:									
Reserved for									
Encumbrances	\$ 0	\$ 11,244	\$ 9,354	\$ 3,103	\$ 412	\$ 0	\$ 2,185	\$ 1,225	\$ 27,523
Unreserved:									
Undesignated, Reported in:									
General Fund	12,816	0	0	0	0	0	0	0	12,816
Special Revenue Funds	<u>0</u>	<u>68,028</u>	<u>29,036</u>	<u>5,372</u>	<u>22,704</u>	<u>32,227</u>	<u>31,822</u>	<u>79,569</u>	<u>268,758</u>
Total Fund Balances	<u>\$ 12,816</u>	<u>\$ 79,272</u>	<u>\$ 38,390</u>	<u>\$ 8,475</u>	<u>\$ 23,116</u>	<u>\$ 32,227</u>	<u>\$ 34,007</u>	<u>\$ 80,794</u>	<u>\$ 309,097</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Tobacco Use Prevention Fund</u>	<u>Public Health Nursing Fund</u>	<u>Water Systems Fund</u>	<u>Help Me Grow Grant Fund</u>	<u>Bioterrorism Grant Fund</u>	<u>Landfill C&DD Disposal Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Receipts									
Property Taxes	\$ 542,092	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 542,092
Special Assessments	3,627	0	0	0	0	0	0	0	3,627
Charges for Services	324,199	0	181,775	102,872	0	0	86,947	23,253	719,046
Licenses, Permits & Fees	133,192	0	0	0	0	0	300	297,185	430,677
Intergovernmental—Grants	34,336	276,351	581,707	0	153,726	159,580	0	654,466	1,860,166
Intergovernmental— District Advisory Council Support	116,835	0	0	0	0	0	0	0	116,835
Donations	0	0	5,712	0	0	0	0	5,396	11,108
Miscellaneous	<u>24,467</u>	<u>627</u>	<u>13,214</u>	<u>110</u>	<u>0</u>	<u>2,025</u>	<u>0</u>	<u>10,239</u>	<u>50,682</u>
Total Receipts	<u>1,178,748</u>	<u>276,978</u>	<u>782,408</u>	<u>102,982</u>	<u>153,726</u>	<u>161,605</u>	<u>87,247</u>	<u>990,539</u>	<u>3,734,233</u>
Disbursements									
Current:									
General Government									
Personal Services	653,129	65,899	433,766	63,413	106,623	83,992	8,949	504,130	1,919,901
Fringe Benefits	264,871	24,521	157,600	19,524	26,717	34,313	3,757	229,517	760,820
Materials and Supplies	30,376	31,012	117,304	2,839	9,066	1,112	1,695	41,227	234,611
Contractual Services	<u>192,347</u>	<u>170,997</u>	<u>109,224</u>	<u>27,028</u>	<u>25,358</u>	<u>43,247</u>	<u>38,859</u>	<u>209,482</u>	<u>816,542</u>
Total General Government	<u>1,140,723</u>	<u>292,429</u>	<u>817,894</u>	<u>112,804</u>	<u>167,764</u>	<u>162,664</u>	<u>53,240</u>	<u>984,356</u>	<u>3,731,874</u>
Capital Outlay	<u>14,453</u>	<u>0</u>	<u>305</u>	<u>0</u>	<u>0</u>	<u>16,462</u>	<u>0</u>	<u>3,044</u>	<u>34,264</u>
Total Disbursements	<u>1,155,176</u>	<u>292,429</u>	<u>818,199</u>	<u>112,804</u>	<u>167,764</u>	<u>179,126</u>	<u>53,240</u>	<u>987,400</u>	<u>3,766,138</u>
Excess of Receipts Over (Under) Disbursements	<u>23,572</u>	<u>(15,451)</u>	<u>(35,791)</u>	<u>(9,822)</u>	<u>(14,038)</u>	<u>(17,521)</u>	<u>34,007</u>	<u>3,139</u>	<u>(31,905)</u>
Other Financing Sources (Uses)									
Sale of Capital Assets	457	0	0	0	0	0	0	0	457
Transfers In	0	0	50,000	0	0	0	0	360	50,360
Transfers Out	(50,360)	0	0	0	0	0	0	0	(50,360)
Advances In	88,329	0	46,500	0	0	0	0	41,829	176,658
Advances Out	<u>(88,329)</u>	<u>0</u>	<u>(46,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(41,829)</u>	<u>(176,658)</u>
Total Other Financing Sources (Uses)	<u>(49,903)</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>360</u>	<u>457</u>
Net Change in Fund Balances	(26,331)	(15,451)	14,209	(9,822)	(14,038)	(17,521)	34,007	3,499	(31,448)
Fund Balances Beginning of Year	<u>39,147</u>	<u>94,723</u>	<u>24,181</u>	<u>18,297</u>	<u>37,154</u>	<u>49,748</u>	<u>0</u>	<u>77,295</u>	<u>340,545</u>
Fund Balances End of Year	<u>\$ 12,816</u>	<u>\$ 79,272</u>	<u>\$ 38,390</u>	<u>\$ 8,475</u>	<u>\$ 23,116</u>	<u>\$ 32,227</u>	<u>\$ 34,007</u>	<u>\$ 80,794</u>	<u>\$ 309,097</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$ 672,089	\$ 672,089	\$ 542,092	\$ (129,997)
Special Assessments	0	0	3,627	3,627
Charges for Services	346,368	346,368	324,199	(22,169)
Licenses, Permits and Fees	141,777	141,777	133,192	(8,585)
Intergovernmental – Grants	35,000	35,000	34,336	(664)
Intergovernmental – District Advisory Council Support	0	0	116,835	116,835
Donations	0	0	0	0
Miscellaneous	4,000	4,000	24,467	20,467
Total Receipts	1,199,234	1,199,234	1,178,748	(20,486)
Disbursements				
General Government				
Personal Services	619,714	653,130	653,129	1
Fringe Benefits	267,599	264,874	264,871	3
Materials and Supplies	32,102	30,376	30,376	0
Contractual Services	178,105	192,347	192,347	0
Total General Government	1,097,520	1,140,727	1,140,723	4
Capital Outlay	15,731	14,453	14,453	0
Total Disbursements	1,113,251	1,155,180	1,155,176	4
Excess of Receipts Over (Under) Disbursements	85,983	44,054	23,572	(20,482)
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	457	457
Transfers In	0	0	0	0
Transfers Out	(87,189)	(50,360)	(50,360)	0
Advances In	0	0	88,329	88,329
Advances Out	0	0	(88,329)	(88,329)
Total Other Financing Sources (Uses)	(87,189)	(50,360)	(49,903)	457
Net Change in Fund Balance	(1,206)	(6,306)	(26,331)	(20,025)
Prior Year Encumbrances Appropriated	1,206	1,206	1,206	0
Fund Balance Beginning of Year	37,941	37,941	37,941	0
Fund Balance End of Year	<u>\$ 37,941</u>	<u>\$ 32,841</u>	<u>\$ 12,816</u>	<u>\$ (20,025)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
 SPECIAL REVENUE FUND – TOBACCO USE PREVENTION
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental – Grants	\$ 300,000	\$ 300,000	\$ 276,351	\$ (23,649)
Miscellaneous	<u>0</u>	<u>0</u>	<u>627</u>	<u>627</u>
Total Receipts	300,000	300,000	276,978	(23,022)
Disbursements				
Current:				
General Government				
Personal Services	64,992	65,899	65,899	0
Fringe Benefits	22,099	24,567	24,521	46
Materials and Supplies	36,580	35,673	31,125	4,548
Contractual Services	<u>193,688</u>	<u>189,688</u>	<u>182,128</u>	<u>7,560</u>
Total General Government	317,359	315,827	303,673	12,154
Capital Outlay	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>317,509</u>	<u>315,827</u>	<u>303,673</u>	<u>12,154</u>
Net Change in Fund Balance	(17,509)	(15,827)	(26,695)	(10,868)
Prior Year Encumbrances Appropriated	17,511	17,511	17,511	0
Fund Balance Beginning of Year	<u>77,212</u>	<u>77,212</u>	<u>77,212</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 77,214</u>	<u>\$ 78,896</u>	<u>\$ 68,028</u>	<u>\$ (10,868)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
 SPECIAL REVENUE FUND – PUBLIC HEALTH NURSING
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ 218,019	\$ 218,019	\$ 181,775	\$ (36,244)
Intergovernmental – Grants	501,413	501,413	581,707	80,294
Donations	175	175	5,712	5,537
Miscellaneous	<u>0</u>	<u>0</u>	<u>13,214</u>	<u>13,214</u>
Total Receipts	<u>719,607</u>	<u>719,607</u>	<u>782,408</u>	<u>62,801</u>
Disbursements				
Current:				
General Government				
Personal Services	445,198	433,767	433,766	1
Fringe Benefits	174,417	157,846	157,600	246
Materials and Supplies	72,100	117,304	117,304	0
Contractual Services	<u>121,996</u>	<u>119,023</u>	<u>118,578</u>	<u>445</u>
Total General Government	813,711	827,940	827,248	692
Capital Outlay	<u>0</u>	<u>2,600</u>	<u>305</u>	<u>2,295</u>
Total Disbursements	<u>813,711</u>	<u>830,540</u>	<u>827,553</u>	<u>2,987</u>
Excess of Receipts Over (Under) Disbursements	<u>(94,104)</u>	<u>(110,933)</u>	<u>(45,145)</u>	<u>65,788</u>
Other Financing Sources (Uses)				
Transfers In	87,189	87,189	50,000	(37,189)
Transfers Out	0	0	0	0
Advances In	0	0	46,500	46,500
Advances Out	<u>0</u>	<u>0</u>	<u>(46,500)</u>	<u>(46,500)</u>
Total Other Financing Sources (Uses)	<u>87,189</u>	<u>87,189</u>	<u>50,000</u>	<u>(37,189)</u>
Net Change in Fund Balance	(6,915)	(23,744)	4,855	28,599
Prior Year Encumbrances Appropriated	6,915	6,915	6,915	0
Fund Balance Beginning of Year	<u>17,266</u>	<u>17,266</u>	<u>17,266</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 17,266</u>	<u>\$ 437</u>	<u>\$ 29,036</u>	<u>\$ 28,599</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
 SPECIAL REVENUE FUND – WATER SYSTEMS
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ 102,750	\$ 102,750	\$ 102,872	\$ 122
Miscellaneous	<u>0</u>	<u>0</u>	<u>110</u>	<u>110</u>
Total Receipts	<u>102,750</u>	<u>102,750</u>	<u>102,982</u>	<u>232</u>
Disbursements				
Current:				
General Government				
Personal Services	46,402	63,413	63,413	0
Fringe Benefits	14,283	20,181	19,524	657
Materials and Supplies	2,049	2,839	2,839	0
Contractual Services	<u>35,646</u>	<u>30,522</u>	<u>30,131</u>	<u>391</u>
Total General Government	98,380	116,955	115,907	1,048
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>98,380</u>	<u>116,955</u>	<u>115,907</u>	<u>1,048</u>
Net Change in Fund Balance	4,370	(14,205)	(12,925)	1,280
Prior Year Encumbrances Appropriated	2,049	2,049	2,049	0
Fund Balance Beginning of Year	<u>16,248</u>	<u>16,248</u>	<u>16,248</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 22,667</u>	<u>\$ 4,092</u>	<u>\$ 5,372</u>	<u>\$ 1,280</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
 SPECIAL REVENUE FUND – HELP ME GROW GRANT
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Intergovernmental	\$ 210,349	\$ 168,287	\$ 153,726	\$ (14,561)
Total Receipts	<u>210,349</u>	<u>168,287</u>	<u>153,726</u>	<u>(14,561)</u>
Disbursements				
Current:				
General Government				
Personal Services	129,311	107,049	106,623	426
Fringe Benefits	48,855	27,406	26,717	689
Materials and Supplies	12,717	11,752	9,066	2,686
Contractual Services	<u>25,134</u>	<u>27,746</u>	<u>25,770</u>	<u>1,976</u>
Total General Government	216,017	173,953	168,176	5,777
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>216,017</u>	<u>173,953</u>	<u>168,176</u>	<u>5,777</u>
Net Change in Fund Balance	(5,668)	(5,666)	(14,450)	(8,784)
Prior Year Encumbrances Appropriated	5,667	5,667	5,667	0
Fund Balance Beginning of Year	<u>31,487</u>	<u>31,487</u>	<u>31,487</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 31,486</u>	<u>\$ 31,488</u>	<u>\$ 22,704</u>	<u>\$ (8,784)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
 SPECIAL REVENUE FUND – BIOTERRORISM GRANT
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 126,384	\$ 129,801	\$ 159,580	\$ 29,779
Miscellaneous	<u>0</u>	<u>2,025</u>	<u>2,025</u>	<u>0</u>
Total Receipts	<u>126,384</u>	<u>131,826</u>	<u>161,605</u>	<u>29,779</u>
Disbursements				
Current:				
General Government				
Personal Services	68,297	84,410	83,992	418
Fringe Benefits	29,048	36,079	34,313	1,766
Materials and Supplies	1,080	1,169	1,112	57
Contractual Services	<u>28,019</u>	<u>43,454</u>	<u>43,247</u>	<u>207</u>
Total General Government	126,444	165,112	162,664	2,448
Capital Outlay	<u>0</u>	<u>16,462</u>	<u>16,462</u>	<u>0</u>
Total Disbursements	<u>126,444</u>	<u>181,574</u>	<u>179,126</u>	<u>2,448</u>
Net Change in Fund Balance	(60)	(49,748)	(17,521)	32,227
Prior Year Encumbrances Appropriated	60	60	60	0
Fund Balance Beginning of Year	<u>49,688</u>	<u>49,688</u>	<u>49,688</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 49,688</u>	<u>\$ 0</u>	<u>\$ 32,227</u>	<u>\$ 32,227</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
 SPECIAL REVENUE FUND – LANDFILL C & DD DISPOSAL
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$ 60,659	\$ 60,659	\$ 86,947	\$ 26,288
Licenses, Permits and Fees	<u>0</u>	<u>0</u>	<u>300</u>	<u>300</u>
Total Receipts	<u>60,659</u>	<u>60,659</u>	<u>87,247</u>	<u>26,588</u>
Disbursements				
Current:				
General Government				
Personal Services	8,989	8,989	8,949	40
Fringe Benefits	3,905	3,905	3,757	148
Materials and Supplies	2,311	2,311	1,675	636
Contractual Services	<u>45,454</u>	<u>45,454</u>	<u>41,044</u>	<u>4,410</u>
Total General Government	60,659	60,659	55,425	5,234
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>60,659</u>	<u>60,659</u>	<u>55,425</u>	<u>5,234</u>
Net Change in Fund Balance	0	0	31,822	31,822
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,822</u>	<u>\$ 31,822</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. REPORTING ENTITY

The Fairfield County General Health District merged with the City of Lancaster Health Department on January 1, 2002 and became known as the Fairfield County Combined General Health District (the District) in accordance with 3709.07 of the Ohio Revised Code. The District is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is operated by a Board for the purpose to address safety, health and wellness of the residents of Fairfield County.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, 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, 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. The following are the more significant of the District's accounting policies.

• **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 District. The statements distinguish between those activities of the District and are considered governmental.

Governmental activities generally are financed through charges for taxes, services, member county contributions, intergovernmental revenues or other non-exchange transactions. 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 with program receipts for each 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 program's goods or services and grants and contributions, including interest restricted to meeting the operational or capital requirements of a particular

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- **Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

- **FUND ACCOUNTING**

The District uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. All of the District's funds are governmental.

- **Governmental Funds**

Governmental funds are those through which most governmental functions of the Health District are financed. 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.

Tobacco Use Prevention Fund – The Tobacco Use Prevention Fund accounts for grant funds which are utilized to implement/ continue youth and adult program activities in education/ prevention and cessation.

Public Health Nursing Fund – The Public Health Nursing Fund accounts for all financial resources received and disbursed for the delivery of public health nursing services. These services include, but are not limited to, immunizations, clinics, infectious disease surveillance and investigation, and school nurses.

Water System Fund – The Water System Fund accounts for funds for permits for wells and new well sealing and water testing fees.

Help Me Grow Fund – The Help Me Grow Fund accounts for grant funds for expectant parents, newborns, infants and toddlers that provide health and developmental services so children start school healthy and ready to learn.

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

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

• **FUND ACCOUNTING (CONTINUED)**

Landfill/ C & DD Disposal Fund – The Landfill/ C & DD Disposal Fund accounts for construction and demolition debris and solid waste disposal fees.

The other governmental funds of the District account for grants and other resources whose uses are restricted for particular purposes.

• **BASIS OF ACCOUNTING**

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the District are described in the appropriate section in this note.

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.

• **BUDGETARY PROCESS**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and appropriations, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate.

Appropriations are the Board of Health's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established at the fund/function level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District's Fiscal Officer. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Board of Health.

Appropriations are 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 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 Board of Health during the year.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

• **CASH AND INVESTMENTS**

As required by the Ohio Revised Code, the Fairfield County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

• **CAPITAL ASSETS**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

• **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.

• **EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS**

The District recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

• **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 District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

• **FUND BALANCE RESERVES**

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

• **INTERFUND TRANSACTIONS**

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers are reported as other financing sources/uses in governmental funds.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

3. CHANGE IN REPORTING PRESENTATION

For the year ended December 31, 2005, the District revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as 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 for the General Fund and each major special revenue fund is presented 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 outstanding year-end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis).

5. FUNDING

The Board of Health has the responsibility for funding the District in accordance with one of the following methods:

1. By a levy submitted to the Budget Commission under Division (A) of Section 5705.19 of the Ohio Revised Code and approved by the electors of the District;
2. In proportion to the taxable property of each county, as shown on the tax duplicate; and
3. Health related licenses and permits; and
4. Operating Grants and Contributions; and
5. In any combination of the above.

6. RISK MANAGEMENT

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

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 from the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust the PEP's retained earnings, the APEEP covers the PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Through 2004, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

6. RISK MANAGEMENT (CONTINUED)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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

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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and 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.

Financial Position

The Pool'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:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained Earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,025)	(540,073)
Retained Earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

7. DEFINED BENEFIT PENSION PLANS

- **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment 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 members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The District's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional plan for the years ended December 31, 2005, 2004, and 2003 were \$241,811, \$255,772, and \$275,267, respectively; 93 percent has been contributed for 2005 and 100% has been contributed for 2004 and 2003, respectively.

8. POSTEMPLOYMENT BENEFITS

- **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

8. POSTEMPLOYMENT BENEFITS (CONTINUED)

• **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual District contributions for 2005 which were used to fund postemployment benefits were \$101,282. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

9. SUBSEQUENT EVENTS

On December 8, 2005, the District approved the implementation of a plumbing inspection program to begin in 2006. Revenue for the program is estimated at \$225,000.

In January 2006, the District was notified that the Immunization Action Plan Grant will not be available in future years reducing the governmental revenue of approximately \$40,000.

In February 2006, the District continued negotiations with the Ohio EPA for return of approximately \$219,000 in grant funds. The District reached a settlement agreement with the Ohio EPA in the amount of \$69,839, which has been paid. The District is still awaiting the U.S. EPA's acceptance of the settlement. If the U.S. EPA fails to accept this settlement, the District will have a potential liability of \$219,000.

10. CONTINGENT LIABILITIES

The District is involved in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the District's counsel that resolution of this matter will not have a material adverse effect on the financial condition of the District.

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 SCHEDULE OF FEDERAL AWARDS' EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>PASS THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Health			
Special Supplemental Nutrition Program for Women, Infants and Children	2310011CL05/ 2310011CL06	10.557	\$ 262,060
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Ohio Department of Health			
Family Planning Services	2310011XX04/ 2310011XX05	93.217	81,118
Immunization Grants	2310012AZ05	93.268	37,011
Centers for Disease Control and Prevention- Investigation and Technical Assistance	2310012B105/ 2310012B106	93.283	179,126
Maternal and Child Health Services Block Grant	2310011MC05/ 2310011MC06	93.994	<u>90,823</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			388,078
 U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Ohio Department of Public Safety			
State and Community Highway Safety	23000HD0	20.600	<u>27,385</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>27,385</u>
 TOTAL FEDERAL AWARD EXPENDITURES			 <u>\$ 677,523</u>

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. Significant Accounting Policies

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

2. Except for CFDA #10.557, Specific Supplemental Nutrition Program for Women, Infants and Children, all Federal awards expenditures include state matching funds, program income, etc.

Whited Seigneur Sams & Rahe, LLP

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June 20, 2006

Fairfield County Combined General Health District
Fairfield 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*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairfield County Combined General Health District, Fairfield County, Ohio (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 20, 2006, wherein we noted the District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audits 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 audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a matter that we have reported to management of the District in a separate letter dated June 20, 2006.

This report is intended for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

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CERTIFIED PUBLIC ACCOUNTANTS

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June 20, 2006

Fairfield County Combined General Health District
Fairfield County

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Fairfield County Combined General Health District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 § .505
 DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness Conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness Conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at The financial statement level (GAGAS)?	No
Were there any material control weakness Conditions reported for major federal programs?	No
Were there any other reportable internal control Weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under §.510	No
Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children, CFDA#10.557 Centers of Disease Control and Prevention-Investigation and Technical Assistance, CFDA#93.283 Maternal and Child Health Services Block Grant, CFDA#93.994
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No

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

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2005**

**Finding Number 2004-001
Sliding Fee Determination**

A patient's income should be verified and documented to determine placement on the sliding fee scale. A patient's encounter form or individual case file did not always provide or contain income verifications and supporting documentation. This may result in incorrect placement on the sliding fee scale and incorrect billing amounts.

Status: Corrected. Improvement was seen towards the support documentation such as a tax return or pay stub being kept in a patient's file or attached to the encounter form. If the encounter form is properly completed, then the need for a sliding fee application form is negated.

**Finding Number 2004-002
Patient Encounter Forms**

A copy of the pre-numbered, pre-printed patient encounter form is not being kept in numerical order for future reference and audit. One copy is given to Steele Management, Inc. (a third-party administrator for medical claims processing) and another copy is put into a patient's file. However, a third copy needs to be kept in numerical order to establish completeness and account for all encounter forms used, unused, voided, etc.

The District should issue patient encounter forms in numerical order and store them in numerical order to account for all forms used, unused, voided, etc. independent of the copy kept in a patient's file or the copy given to the third party administrator for processing. Also, as recommended and implemented in prior audits, physician appointment lists should still be maintained and reflect any changes, such as cancellations, walk-ins and no shows. Every patient on the physician's appointment list should have a corresponding patient billing encounter form. The number of patients on the physician's appointment lists should be reconciled to the number of patient billing encounter forms at the end of each day. The reconciliation should be reviewed and approved by an appropriate supervisor and such approval should be evidenced.

Status: Corrected.



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Betty Montgomery**

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FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 21, 2006**