
**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2007

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net



Mary Taylor, CPA
Auditor of State

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 20, 2008

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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

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA
Donald R. Seigneur, CPA
John R. Sams, CPA



Barry L. Rahe, CPA
Kathleen M. Alderman, CPA
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

June 30, 2008

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County Combined General Health District, Fairfield County, Ohio, (the District) as of and for the year ended December 31, 2007. 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund, Tobacco Use Prevention Fund, Public Health Nursing Fund, Women, Infants & Children Fund, and Bioterrorism Grant Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

Whited Seigneur Sams & Rahe

Fairfield County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2007 are as follows:

- The assets of the District exceeded its liabilities at the close of the year ended December 31, 2007 by \$2,369,917 (net assets).
- The District's total net assets increased by \$111,302 which represents a 4.7% increase from 2007.
- At the end of the current year, the District's governmental funds reported a combined ending fund balance of \$676,517. Of this amount, \$446,966 is available for spending (unreserved fund balance) on behalf of Fairfield County citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$124,710, 10% of total general fund expenditures and other financing uses.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

Fairfield County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

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

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

Fairfield County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 21 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,369,917 as of December 31, 2007.

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

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006*
Assets		
Current & Other Assets	\$ 1,300,585	\$ 1,203,696
Capital Assets, Net	1,535,151	1,575,667
Total Assets	2,835,736	2,779,363
Liabilities		
Current & Other Liabilities	289,928	347,681
Long-Term Liabilities:		
Due Within One Year	137,726	121,586
Due in More Than One Year	38,165	51,481
Total Liabilities	465,819	520,748
Net Assets		
Invested in Capital Assets, net of related debt	1,535,151	1,575,667
Restricted for:		
Other Purposes	857,117	810,170
Unrestricted	(22,351)	(127,222)
Total Net Assets	\$ 2,369,917	\$ 2,258,615

* Restated

Table 2 provides a summary of the changes in net assets for 2007 and 2006.

Fairfield County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Program Revenues:		
Charges for Services and Sales	\$ 1,320,091	\$ 1,466,084
Operating Grants and Contributions	1,652,781	1,687,507
General Revenues:		
Property Taxes	716,092	692,531
Grants and Entitlements Not Restricted to Specific Programs	259,482	65,573
Unrestricted Contributions	14,806	812
Other	140	24,589
Total Revenues	3,963,392	3,937,096
 Program Expenses:		
Health:		
Environmental Health	611,695	821,466
Community Health Services	1,355,751	1,700,589
Health Promotion and Planning	760,598	555,376
Administration	1,121,246	985,514
Interest and Fiscal Charges	2,800	2,800
Total Expenses	3,852,090	4,065,745
 Increase (Decrease) in Net Assets	\$ 111,302	\$ (128,649)

Governmental Activities

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

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

Fairfield County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$676,517. Of this amount, \$571,676 constitutes unreserved fund balance, which is available for spending. The remaining fund balance of \$104,841 is reserved to indicate that it is not available for new spending. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$124,710. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 10% of the total general fund expenditures.

Revenues exceeded expenditures in the General Fund by \$105,778 in 2007. Charges for services account for 19% of revenues in the General Fund while licenses and permits comprise 9% of total revenues. Property Taxes consist of allocations from Fairfield County. Administration accounts for the majority, \$1,053,789 of expenditures in the General Fund.

The Tobacco Use Prevention Special Revenue Fund accounts for state grant monies for the promotion of reducing tobacco use in youth and adults. At the end of the current fiscal year the total fund balance was \$222,459.

The Public Health Nursing Special Revenue Fund accounts for charges for services and Medicaid revenues for health clinic services, immunizations, tuberculosis testing, and flu injections. At the end of the current fiscal year the fund had a deficit balance of \$38,842.

The Women, Infants & Children 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 \$93,984.

Fairfield County Combined General Health District

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

The Bioterrorism Grant Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the District Emergency Operation Plan, and 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 Fairfield County as well as regional partners. At the end of the current fiscal year the ending fund balance was \$49,899.

General Fund Budgeting Highlights

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

During the course of 2007, the District amended its General Fund budget numerous times. All recommendations for the budget were reviewed by the District's Board for adoption of a resolution on the change. With the General fund supporting many of the major activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending.

The General Fund final budget basis revenue was \$1,395,770 representing a \$144,691 decrease from the original budget estimates of \$1,540,461. The final budget reflected a 9% decrease from the original budgeted amount. Most of this difference was due to a reduction in the sale of sewage permits. The final budget basis expenditures were \$1,306,412 representing a decrease of \$234,049 from the original budget.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2007 and 2006, net of accumulated depreciation in a range of capital assets, as follows:

(Table 3)

Capital Assets, Net of Accumulated Depreciation
as of December 31:

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Land	\$ 186,149	\$ 186,149
Building	1,296,788	1,316,586
Equipment	28,312	36,851
Vehicles	23,902	36,081
Total Capital Assets, Net	<u>\$ 1,535,151</u>	<u>\$ 1,575,667</u>

More detailed information concerning the District's capital assets can be found in Note 6 of the basic financial statements.

Debt

During 2006, the District issued a note payable of \$70,000 to the Fairfield County Board of Commissioners. This debt was still outstanding as of December 31, 2007.

Fairfield County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Economic Factors and Next Year's Budget

The Fairfield County Combined General Health District's budget for 2008 allows for a 4% increase in revenue and expenses. While the downturn in the housing industry has reduced anticipated revenue in the Sewage and Water System programs, other areas will increase to offset this loss. The former House-to-House Program will be expanded in 2008 to include all non-municipal sewage systems. Fee increases will be requested in the Mobile Home Park program and were instituted in fall 2007 for Vital Statistics. The Plumbing Program is expected to bring in an additional \$9,000 in revenue in 2008. When the district appeared before the Budget Commission in April 2007, it was awarded an additional \$21,482 in county tax settlement dollars. The additional award will allow the department to continue funding the mandated programs which do not produce revenue.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Paulette Tiller – Fiscal Officer, 1587 Granville Pike, Lancaster, Ohio 43130, email to ptiller@co.fairfield.oh.us or calling the District at 740-653-4489.

Fairfield County Combined General Health District

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents:	
With Fiscal Agents	\$ 363,950
Accounts Receivable, Net	33,725
Intergovernmental Receivable	854,551
Prepaid Items	48,359
Property Taxes Receivable	-
Nondepreciable Capital Assets	186,149
Depreciable Capital Assets, Net	<u>1,349,002</u>
 <i>Total Assets</i>	 <u>2,835,736</u>
 Liabilities	
Accounts Payable	75,432
Accrued Wages & Benefits	116,484
Intergovernmental Payable	22,412
Accrued Interest Payable	5,600
Notes Payable	70,000
Long-Term Liabilities:	
Due Within One Year	137,726
Due In More Than One Year	<u>38,165</u>
 <i>Total Liabilities</i>	 <u>465,819</u>
 Net Assets	
Invested in Capital Assets, Net of Related Debt	1,535,151
Restricted for:	
Other Purposes	857,117
Unrestricted (Deficit)	<u>(22,351)</u>
 <i>Total Net Assets</i>	 <u><u>\$ 2,369,917</u></u>

Fairfield County Combined General Health District

Statement of Activities

For the Year Ended December 31, 2006

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Assets
Governmental Activities:				
Health:				
Environmental Health	\$ 611,695	\$ 551,897	\$ 1,929	\$ (57,869)
Community Health Services	1,355,751	404,738	669,248	(281,765)
Health Promotion and Planning	760,598	3,323	947,622	190,347
Administration	1,121,246	359,226	33,896	(728,124)
Interest and Fiscal Charges	2,800	907	86	(1,807)
<i>Total Governmental Activities</i>	<u>\$ 3,852,090</u>	<u>\$ 1,320,091</u>	<u>\$ 1,652,781</u>	<u>(879,218)</u>
 General Revenues				
Property Taxes Levied for:				
General Purposes				716,092
Grants and Entitlements not Restricted to Specific Programs				259,482
Unrestricted Contributions				14,806
Miscellaneous				140
<i>Total General Revenues</i>				<u>990,520</u>
Change in Net Assets				111,302
<i>Net Assets Beginning of Year- Restated, See Note 2</i>				<u>2,258,615</u>
<i>Net Assets End of Year</i>				<u><u>\$ 2,369,917</u></u>

See accompanying notes to the basic financial statements.

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

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants & Children Fund	Bioterrorism Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents:							
With Fiscal Agents	\$ 36,449	\$ 95,825	\$ 30,565	\$ 12,277	\$ 23,827	\$ 165,007	\$ 363,950
Accounts Receivable, Net	9,689	-	18,309	-	-	5,725	33,723
Intergovernmental Receivable	-	229,380	97,082	256,661	111,293	160,135	854,551
Interfund Receivable	137,900	-	-	-	-	-	137,900
Prepaid Items	11,364	15,810	12,302	483	768	7,632	48,359
<i>Total Assets</i>	<u>\$ 195,402</u>	<u>\$ 341,015</u>	<u>\$ 158,258</u>	<u>\$ 269,421</u>	<u>\$ 135,888</u>	<u>\$ 338,499</u>	<u>\$ 1,438,483</u>
Liabilities							
Accounts Payable	\$ 17,088	\$ 2,059	\$ 35,947	\$ 4,004	\$ 4,875	\$ 11,459	\$ 75,432
Accrued Wages & Benefits	45,023	5,230	25,529	11,257	5,806	23,639	116,484
Intergovernmental Payable	8,581	1,004	5,124	2,107	1,113	4,483	22,412
Interfund Payable	-	-	130,500	-	-	7,400	137,900
Deferred Revenue	-	110,263	-	158,069	74,195	67,211	409,738
<i>Total Liabilities</i>	<u>70,692</u>	<u>118,556</u>	<u>197,100</u>	<u>175,437</u>	<u>85,989</u>	<u>114,192</u>	<u>761,966</u>
Fund Balances							
Reserved for Encumbrances	-	60,949	-	2,191	1,542	40,159	104,841
Unreserved, Undesignated, Reported in:							
General Fund	124,710	-	-	-	-	-	124,710
Special Revenue Funds	-	161,510	(38,842)	91,793	48,357	184,148	446,966
<i>Total Fund Balances</i>	<u>124,710</u>	<u>222,459</u>	<u>(38,842)</u>	<u>93,984</u>	<u>49,899</u>	<u>224,307</u>	<u>676,517</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 195,402</u>	<u>\$ 341,015</u>	<u>\$ 158,258</u>	<u>\$ 269,421</u>	<u>\$ 135,888</u>	<u>\$ 338,499</u>	<u>\$ 1,438,483</u>

See accompanying notes to the basic financial statements.

Fairfield County Combined General Health District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Total Governmental Funds Balances	\$	676,517
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		1,535,151
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Intergovernmental Revenues		409,738
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Notes Payable	(70,000)	
Compensated Absences	(175,889)	
Accrued Interest Payable	<u>(5,600)</u>	
Total		<u>(251,489)</u>
Net assets of governmental activities	\$	<u><u>2,369,917</u></u>

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

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants, and Children Fund	Bioterrorism Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$ 716,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 716,092
Intergovernmental	298,276	502,481	219,698	395,796	201,696	346,321	1,964,268
Licenses, Permits and Fees	135,328	-	-	-	-	362,422	497,750
Fines and Forfeitures	-	-	-	-	-	785	785
Charges for Services	275,808	-	414,054	-	-	136,157	826,019
Contributions and Donations	156	-	14,650	-	-	11,193	25,999
Miscellaneous	140	-	-	-	-	-	140
<i>Total Revenues</i>	<u>1,425,800</u>	<u>502,481</u>	<u>648,402</u>	<u>395,796</u>	<u>201,696</u>	<u>856,878</u>	<u>4,031,053</u>
Expenditures							
Current:							
Health:							
Environmental Health	81,938	-	-	-	-	537,665	619,603
Community Health Services	132,340	-	756,662	319,493	-	180,359	1,388,854
Health Promotion and Planning	-	396,871	-	-	207,364	139,469	743,704
Administration	1,053,789	-	-	-	-	-	1,053,789
<i>Total Expenditures</i>	<u>1,268,067</u>	<u>396,871</u>	<u>756,662</u>	<u>319,493</u>	<u>207,364</u>	<u>857,493</u>	<u>3,805,950</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>157,733</u>	<u>105,610</u>	<u>(108,260)</u>	<u>76,303</u>	<u>(5,668)</u>	<u>(615)</u>	<u>225,103</u>
Other Financing Sources (Uses)							
Transfers In	-	-	27,455	-	-	24,500	51,955
Transfers Out	(51,955)	-	-	-	-	-	(51,955)
<i>Total Other Financing Sources (Uses)</i>	<u>(51,955)</u>	<u>-</u>	<u>27,455</u>	<u>-</u>	<u>-</u>	<u>24,500</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	105,778	105,610	(80,805)	76,303	(5,668)	23,885	225,103
<i>Fund Balances (Deficits) Beginning of Year</i>	18,932	116,849	41,963	17,681	55,567	200,422	451,414
<i>Fund Balances (Deficits) End of Year</i>	<u>\$ 124,710</u>	<u>\$ 222,459</u>	<u>\$ (38,842)</u>	<u>\$ 93,984</u>	<u>\$ 49,899</u>	<u>\$ 224,307</u>	<u>\$ 676,517</u>

See accompanying notes to the basic financial statements.

Fairfield County Combined General Health District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds \$ 225,103

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

Governmental funds report capital outlays as expenditures.

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

Capital asset additions	10,976	
Depreciation expense	(51,491)	
Excess of depreciation over capital outlay		(40,515)

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

Intergovernmental Revenue	(63,199)	
Charges for Services	(4,463)	
Total revenues not reported in the funds		(67,662)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(2,800)

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

Compensated Absences		(2,824)

<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$ 111,302</u></u>
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Fairfield County Combined General Health District
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ -	\$ -	\$ 511,170	\$ 511,170
Intergovernmental	983,729	982,384	298,276	(684,108)
Licenses and Permits	-	-	461,317	461,317
Charges for Services	556,732	413,386	162,295	(251,091)
Contributions and Donations	-	-	156	156
Miscellaneous	-	-	140	140
<i>Total Revenues</i>	<u>1,540,461</u>	<u>1,395,770</u>	<u>1,433,354</u>	<u>37,584</u>
Expenditures				
Current:				
Health:				
Environmental Health	95,945	52,137	52,102	35
Community Health Services	246,717	134,065	133,975	90
Administration	1,144,845	1,034,830	1,042,399	(7,569)
<i>Total Expenditures</i>	<u>1,487,507</u>	<u>1,221,032</u>	<u>1,228,476</u>	<u>(7,444)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>52,954</u>	<u>174,738</u>	<u>204,878</u>	<u>30,140</u>
Other Financing Sources (Uses)				
Advances In	-	-	225,960	225,960
Advances Out	-	-	(334,360)	(334,360)
Transfers Out	(52,954)	(85,380)	(85,380)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(52,954)</u>	<u>(85,380)</u>	<u>(193,780)</u>	<u>(108,400)</u>
<i>Net Change in Fund Balance</i>	-	89,358	11,098	(78,260)
<i>Fund Balance Beginning of Year</i>	16,255	16,255	16,255	-
Prior Year Encumbrances Appropriated	9,096	9,096	9,096	-
<i>Fund Balance End of Year</i>	<u>\$ 25,351</u>	<u>\$ 114,709</u>	<u>\$ 36,449</u>	<u>\$ (78,260)</u>

See accompanying notes to the basic financial statements.

Fairfield County Combined General Health District
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Tobacco Use Prevention Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 300,000	\$ 497,649	\$ 486,365	\$ (11,284)
<i>Total Revenues</i>	<u>300,000</u>	<u>497,649</u>	<u>486,365</u>	<u>(11,284)</u>
Expenditures				
Current:				
Health:				
Health Promotion and Planning	300,000	516,440	471,659	44,781
<i>Total Expenditures</i>	<u>300,000</u>	<u>516,440</u>	<u>471,659</u>	<u>44,781</u>
<i>Net Change in Fund Balance</i>	-	(18,791)	14,706	33,497
<i>Fund Balance Beginning of Year</i>	14,672	14,672	14,672	-
Prior Year Encumbrances Appropriated	<u>5,498</u>	<u>5,498</u>	<u>5,498</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 20,170</u>	<u>\$ 1,379</u>	<u>\$ 34,876</u>	<u>\$ 33,497</u>

See accompanying notes to the basic financial statements.

Fairfield County Combined General Health District
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Public Health Nursing Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 612,000	\$ 517,087	\$ 217,923	\$ (299,164)
Charges for Services	195,500	195,500	370,842	175,342
Contributions and Donations	5,500	5,500	1,122	(4,378)
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>813,000</u>	<u>718,087</u>	<u>589,887</u>	<u>(128,200)</u>
Expenditures				
Current:				
Health:				
Community Health Services	840,455	741,631	746,045	(4,414)
<i>Total Expenditures</i>	<u>840,455</u>	<u>741,631</u>	<u>746,045</u>	<u>(4,414)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(27,455)</u>	<u>(23,544)</u>	<u>(156,158)</u>	<u>(132,614)</u>
Other Financing Sources (Uses)				
Advances In	-	-	329,410	329,410
Advances Out	-	-	(228,410)	(228,410)
Transfers In	27,455	27,455	51,263	23,808
<i>Total Other Financing Sources (Uses)</i>	<u>27,455</u>	<u>27,455</u>	<u>152,263</u>	<u>124,808</u>
<i>Net Change in Fund Balance</i>	-	3,911	(3,895)	(7,806)
<i>Fund Balance Beginning of Year</i>	28,219	28,219	28,219	-
Prior Year Encumbrances Appropriated	6,241	6,241	6,241	-
<i>Fund Balance End of Year</i>	<u>\$ 34,460</u>	<u>\$ 38,371</u>	<u>\$ 30,565</u>	<u>\$ (7,806)</u>

See accompanying notes to the basic financial statements.

Fairfield County Combined General Health District
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Women, Infants, and Children Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 291,778	\$ 315,781	\$ 323,706	\$ 7,925
<i>Total Revenues</i>	<u>291,778</u>	<u>315,781</u>	<u>323,706</u>	<u>7,925</u>
Expenditures				
Current:				
Health:				
Community Health Services	<u>291,778</u>	<u>320,872</u>	<u>318,711</u>	<u>2,161</u>
<i>Total Expenditures</i>	<u>291,778</u>	<u>320,872</u>	<u>318,711</u>	<u>2,161</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>-</u>	<u>(5,091)</u>	<u>4,995</u>	<u>10,086</u>
<i>Net Change in Fund Balance</i>	-	(5,091)	4,995	10,086
<i>Fund Balance Beginning of Year</i>	4,075	4,075	4,075	-
Prior Year Encumbrances Appropriated	<u>1,016</u>	<u>1,016</u>	<u>1,016</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,091</u>	<u>\$ -</u>	<u>\$ 10,086</u>	<u>\$ 10,086</u>

See accompanying notes to the basic financial statements.

Fairfield County Combined General Health District
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Bioterrorism Grant Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 127,850	\$ 184,978	\$ 207,639	\$ 22,661
<i>Total Revenues</i>	<u>127,850</u>	<u>184,978</u>	<u>207,639</u>	<u>22,661</u>
Expenditures				
Current:				
Health:				
Health Promotion and Planning	127,850	203,451	203,827	(376)
<i>Total Expenditures</i>	<u>127,850</u>	<u>203,451</u>	<u>203,827</u>	<u>(376)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>-</u>	<u>(18,473)</u>	<u>3,812</u>	<u>22,285</u>
<i>Net Change in Fund Balance</i>	-	(18,473)	3,812	22,285
<i>Fund Balance Beginning of Year</i>	18,373	18,373	18,373	-
Prior Year Encumbrances Appropriated	<u>100</u>	<u>100</u>	<u>100</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 18,473</u>	<u>\$ -</u>	<u>\$ 22,285</u>	<u>\$ 22,285</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, 2007

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

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

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

A. Basis of Presentation

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

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

Government-Wide Financial Statements

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

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

Revenues-Exchange and Non-Exchange Transactions

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

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

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deferred Revenue

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

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

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

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Cash and Investments

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

G. Prepaid Items

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

H. Accounts Receivables

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

I. Capital Assets

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

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

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

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

J. Interfund Transactions and Balances

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net assets restricted for other purposes are restricted by grantors and regulations of other governments. Of the District's restricted net assets of \$857,117, none are restricted by enabling legislation.

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

N. Fund Balance Reserves

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

O. Use of Estimates

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

Note 2 – Change in Basis of Accounting and Restatement of Prior Year Net Assets

Due to the omission of a vehicle in the fixed asset ledger, a prior period adjustment was made to correct the January 1, 2007 balance.

Net Assets, Invested in Capital Assets, December 31, 2006	\$ 1,559,783
Restatement	15,884
Net Assets, Invested in Capital Assets, January 1, 2007	<u><u>\$ 1,575,667</u></u>

Note 3- Accountability

The following funds had deficit fund balance at December 31, 2007:

Public Health Nursing Fund	(\$38,842)
Water System Fund	(\$2,783)
Swimming Pool Fund	(\$1,060)

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

Note 4 – Budgetary Basis of Accounting

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 4 – Budgetary Basis of Accounting (Continued)

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

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

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

Net Change in Fund Balance

	General Fund	Tobacco Use Prevention Fund	Public Health Nursing Fund	Women, Infants, & Children Fund	Bioterrorism Grant Fund
GAAP Basis	\$ 105,778	\$ 105,610	\$ (80,805)	\$ 76,303	\$ (5,668)
Net Adjustment for Revenue Accruals	233,514	(16,116)	294,703	(72,090)	5,943
Net Adjustment for Expenditure Accruals	(328,194)	(13,839)	(217,793)	2,973	5,079
Encumbrances	-	(60,949)	-	(2,191)	(1,542)
Budget Basis	<u>\$ 11,098</u>	<u>\$ 14,706</u>	<u>\$ (3,895)</u>	<u>\$ 4,995</u>	<u>\$ 3,812</u>

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 5 - Receivables

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

<u>Governmental Funds</u>	<u>Intergovernmental Receivable</u>	<u>Accounts Receivable</u>
General Fund	\$ -	\$ 9,689
Tobacco Use Prevention Fund	229,380	-
Trailer Park Fund	-	188
Public Health Nursing Fund	97,082	127,613
Water System Fund	-	43
Women, Infants & Children Fund	256,661	-
Family Planning Fund	13,590	134
Maternal & Child Health Fund	39,520	-
Bioterrorism Grant Fund	111,293	-
Safety Grant Fund	32,400	-
Women's Health Grant Fund	74,625	-
Landfill/C & DD Disposal Fund	-	5,360
Total Receivables	\$ 854,551	\$ 143,027
Allowance for Doubtful Accounts	-	(109,304)
Receivables, net	<u>\$ 854,551</u>	<u>\$ 33,723</u>

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 6 – Capital Assets

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

	Balance 1/1/2007	Additions	Disposals	Balance 12/31/2007
<u>Governmental Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 186,149	\$ -	\$ -	\$ 186,149
Total Nondepreciable Capital Assets	<u>186,149</u>	<u>-</u>	<u>-</u>	<u>186,149</u>
Depreciable Capital Assets:				
Building	1,385,880	-	-	1,385,880
Equipment	120,889	5,900	-	126,789
Vehicles	192,001	5,076	-	197,077
Total Capital Assets being Depreciated	<u>1,698,770</u>	<u>10,976</u>	<u>-</u>	<u>1,709,746</u>
Accumulated Depreciation:				
Building	69,294	19,798	-	89,092
Equipment	84,038	14,439	-	98,477
Vehicles	155,921	17,254	-	173,175
Total Accumulated Depreciation	<u>309,253</u>	<u>51,491</u>	<u>-</u>	<u>360,744</u>
Total Depreciable Capital Assets, Net	<u>1,389,517</u>	<u>(40,515)</u>	<u>-</u>	<u>1,349,002</u>
Governmental Capital Assets, Net	<u>\$ 1,575,666</u>	<u>\$ (40,515)</u>	<u>\$ -</u>	<u>\$ 1,535,151</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Environmental Health	\$ 13,691
Administration	12,493
Community Health	6,103
Health Promotion and Planning	8,228
Total Depreciation Expense	<u>\$ 40,515</u>

Fairfield County Combined General Health District

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

Note 7 – Note Payable

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

Governmental Activities:	Outstanding 1/1/2007	Additions	Reductions	Outstanding 12/31/2007	Due Within One Year
Note Payable	\$ 70,000	\$ -	\$ -	\$ 70,000	\$ 70,000

Note 8- Leasing Arrangements

The District conducts its Community Health Clinic from a facility that is leased under a nine-year operating lease expiring in June 2017. Rental payments shall be adjusted every two years during the original term of the lease, or any extension thereof, based upon changes in the 'Consumer Price Index – all items', using the May 1, 2005 as the base rate. The first COLA adjustment shall occur on June 30, 2008, to coincide with the primary lease. The District did not start paying rent until April 2008 while occupancy began in October of 2007. The District recognized donated rent in the amount of \$13,527 as of December 31, 2007. Future lease obligations are as follows:

2008	\$ 54,108
2009	54,108
2010	54,108
2011	54,108
2012	54,108
2013-2017	243,486
Total	<u>\$ 514,026</u>

Note 9- Long-Term Obligations

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

Governmental Activities:	Outstanding 1/1/2007	Additions	Reductions	Outstanding 12/31/2007	Due Within One Year
Compensated Absences	\$ 173,067	\$ 175,891	\$ 173,067	\$ 175,891	\$ 137,726

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 10- Interfund Activity

Interfund Transfers

Transfers made during the year were as follows:

		Transfer from	
		<u>General Fund</u>	
Transfer to	Major Fund:		
	Public Health Nursing Fund	\$	27,455
	Nonmajor Funds:		
	Food Service		8,500
	Water System Fund		13,000
	Swimming Pool Fund		3,000
	Total Nonmajor Governmental Funds		<u>24,500</u>
	Total Interfund Transfers	\$	<u><u>51,955</u></u>

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

Interfund Advances

Interfund balances consist of the following individual fund receivables and payables, which are expected to be repaid in 2008.

	<u>Receivable</u>	<u>Payable</u>
Major Fund:		
General	\$ 137,900	\$ -
Public Health Nursing	-	130,500
Non Major Funds:		
Women's Health Grant	-	7,400
	<u>\$ 137,900</u>	<u>\$ 137,900</u>

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

Note 11 – Risk Management

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 11 – Risk Management (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2007 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, 2007, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2007) or \$3,000,000 (for claims after January 1, 2007) as noted above.

Property Coverage

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 million per occurrence.

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 2006 was \$1,901,127.

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

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 11 – Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
<u>Casualty Coverage</u>		
Assets	\$ 30,997,868	\$ 29,719,675
Liabilities	<u>(15,875,741)</u>	<u>(1,599,168)</u>
Retained Earnings	<u>\$ 15,122,127</u>	<u>\$ 28,120,507</u>
<u>Property Coverage</u>		
Assets	\$ 5,125,326	\$ 4,443,332
Liabilities	<u>(863,163)</u>	<u>(1,068,245)</u>
Retained Earnings	<u>\$ 4,262,163</u>	<u>\$ 3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payments. The Government's share of these unpaid claims collectible in future years is approximately \$50,000. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below.

By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>		
2005	\$	33,295
2006	\$	32,406
2007	\$	33,713

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 12 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District employees participate in the Ohio Public Employees Retirement System (OPERS) which is a public employee retirement system created by the State of Ohio. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. 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. OPERS, issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

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.

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 \$276,397, \$262,899, and \$262,123, respectively.

The District has contributed 100% for the years 2007, 2006 and 2005.

Note 13- Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

Fairfield County Combined General Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 13- Postemployment Benefits (Continued)

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 not engaged in law enforcement, 5.50% was the portion that was used to fund health care.

Assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2006. An entry age normal actuarial cost method valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used.

Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2006 was 6.50%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase were assumed to range from .50% to 6.30%. Health care costs were assumed to increase at the project wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years health care costs were assumed to increase 4%.

At December 31, 2007, the total number of active contributing participants was 374,979. As of December 31, 2006, the net assets available for future OPEB were \$12.0 billion. The District's actual contributions for 2006 which were used to fund OPEB were \$109,757 for employees. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 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.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The HCPP incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs.

If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

Note 14- Other Employee Benefits

Compensated Absences

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

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

Fairfield County Combined General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 14- Other Employee Benefits (Continued)

Dental and Life Insurance

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

Note 15- Contingencies

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2007.

Litigation

The District is party to legal proceedings. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial position of the District.

**Fairfield County Combined General Health District
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2007**

<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	23-1-001-1-CL-07/ 02310011WA0108	10.557	\$ 314,589
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Ohio Department of Health			
Family Planning Services	23-1-001-1-XX-06/ 02310011FP0108	93.217	71,156
Centers for Disease Control and Prevention- Investigation and Technical Assistance	23-1-001-2-BI-07/ 02310012PI0108	93.283	177,699
Maternal and Child Health Services Block Grant	23-1-001-1-MC-07/ 02310011MC0108	93.994	<u>81,382</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			330,237
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Ohio Department of Public Safety			
State and Community Highway Safety	23-00-00-00323	20.600	<u>45,519</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>45,519</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 690,345</u>

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

**Fairfield County Combined General Health District
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2007**

Note 1-Significant Accounting Policies

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

Note 2- Subrecipients

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

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

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA
Donald R. Seigneur, CPA
John R. Sams, CPA



Barry L. Rahe, CPA
Kathleen M. Alderman, CPA
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

June 30, 2008

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

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

We have audited the financial statements of Fairfield County Combined General Health District, Fairfield County, Ohio, (the District) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2007-001, 2007-002 and 2007-003 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. Of the significant deficiencies described above, we consider Finding 2007-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2007-002.

We noted certain matters that we reported to management of the District in a separate letter dated June 30, 2008.

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

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

Respectfully submitted,
WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA
Donald R. Seigneur, CPA
John R. Sams, CPA



Barry L. Rahe, CPA
Kathleen M. Alderman, CPA
Nathan C. Baldwin, CPA

213 South Paint Street • Chillicothe, Ohio 45601-3828
(740) 702-2600 – Voice • (740) 702-2610 – Fax • wssr@horizonview.net

June 30, 2008

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

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

Compliance

We have audited the compliance of Fairfield County Combined General Health District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. 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, 2007.

Internal Control Over Compliance

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

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

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

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

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 § .505
 DECEMBER 31, 2007**

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)?	Yes
Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	Yes
Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
Were there any material control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
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 for Disease Control and Prevention- Investigations and Technical Assistance, CFDA #93.283
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No

Fairfield County Combined General Health District
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
For the Year Ended December 31, 2007

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

Finding 2007-001: Monitoring of Community Health Center Billing & Collections

Significant Internal Control Deficiency & Material Weakness

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

Criteria: Monitoring policies and procedures should be implemented to address the business risk surrounding the billing, collection and receivable resulting from providing services. The need for these internal controls increases as the Community Health Center continues to expand.

Effect: The lack of monitoring procedures and a policy governing the calculation of the allowance for doubtful accounts and adjustments increases the risk of misstatement. Material audit adjustments were recorded to fairly state the net accounts receivable. Reports were not readily available as of the year-end date from either the District or their service organization.

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

Auditee Response: The District will implement a policy wherein they receive accounts receivable information from the service organization on a monthly basis. Either the COO or his designee will be responsible for reviewing the information and share it with the District Clinic committee. The District will work with the service organization to establish an allowance policy and procedure.

Finding 2007-2: Budgetary Monitoring

Material Noncompliance & Internal Control Deficiency

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

Criteria: Ohio Revised Code 3709.28 established budgetary requirements for General Health Districts.

Effect: Significant budget variances can allow the District to expend more than available, running funds into a negative fund balance/cash situation.

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

Fairfield County Combined General Health District
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
For the Year Ended December 31, 2007

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

Finding 2007-2: Budgetary Monitoring (Continued)

Material Noncompliance & Internal Control Deficiency

Auditee Response: With the new software implementation and now having a years' experience with the new software, a procedure can now be implemented to check the budgetary discrepancies each quarter and the necessary budgetary adjustments will result.

Finding 2007-003: Interfund Transactions and Balances

Significant Internal Control Deficiency and Material Weakness

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

Criteria: The District should monitor the entries posted by the fiscal agent to ensure proper cutoff at year-end.

Effect: The timing recognition error required material audit adjustments to fairly state inter-fund transactions and balances.

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

Auditee Response: The District will ensure that retroactive language will appear in resolutions at year end which are not approved by the Board until the following year.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Fairfield County Combined General Health District
Status of Prior Audit Findings

2006-001 Significant Deficiency/Material Weakness:

Condition: A control deficiency existed regarding the oversight of the District's financial reporting. No policy or procedure existed regarding the preparation of accrual based financial statements.

Recommendation: The District should implement a policy/procedure over financial reporting. Additional resources/consultation should be sought if deemed necessary to address the application control processes of procedures used to derive year-end accrual entries, to enter journal entries into the trial balances, and compile the resulting financial statements and note disclosures.

Status: Condition improved, but see current year findings 2007-001 and 2007-003.



Mary Taylor, CPA
Auditor of State

FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 2, 2008