

Ross County Health District
Ross County, Ohio
Single Audit
January 1, 2008 through December 31, 2008
Year Audited Under GAGAS: 2008

BALESTRA, HARR & SCHERER CPAs, INC.

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Mary Taylor, CPA
Auditor of State

Board of Commissioners
Ross County Health District
475 Western Avenue
Chillicothe, Ohio 45601

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 19, 2009

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Ross County, Ohio
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For the Year Ended December 31, 2008

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Independent Auditor's Report

Ross County Health District
Ross County, Ohio
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

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

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

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

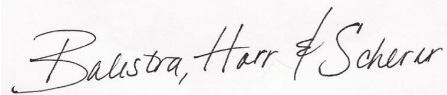
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Home Health and Public Health funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The 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 also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 11 to the basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB statements No. 25 and No. 27*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.



Balestra, Harr & Scherer, CPAs, Inc.
June 12, 2009

General Health District
Ross County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

This discussion and analysis of Ross County General Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2008, within the limitations of the District's cash basis of accounting. 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.

Highlights

Key highlights for 2008 are as follows:

There was an increase in net assets from 2007 to 2008 of \$15,167.

The District's receipts are primarily from charges for services, operating grants and contributions, unrestricted intergovernmental receipts, and property taxes. These receipts represent over 99.9 percent of the total cash received for governmental activities during 2008. The remaining receipts are attributed to miscellaneous receipts.

The District's disbursements are primarily composed of home health and community health with \$2,238,578 and \$1,030,748, respectively, disbursed for 2008.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

General Health District
Ross County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2008, within the limitations of the cash basis of accounting. The statement of net assets presents the cash and investment balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for its governmental programs or functions. Program receipts include charges paid by the recipient of the program services and for grant monies received. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how its governmental activity draws from the District's general receipts.

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

In the statement of net assets and the statement of activities, we report the District in one type of activity: governmental activities. All of the District's basic services are reported as governmental activities.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund, Home Health Fund, and Public Health Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the government-wide statements.

General Health District
Ross County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The District as a Whole

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

Table 1
Net Assets

| | Governmental Activities | |
|---------------------------|-------------------------|------------------|
| | 2008 | 2007* |
| <i>Assets</i> | | |
| Cash | \$53,174 | \$23,422 |
| Equity in County Treasury | 763,511 | 778,096 |
| Total Assets | \$816,685 | \$801,518 |
| <i>Net Assets</i> | | |
| Other Purposes | \$217,139 | \$160,954 |
| Unrestricted | 599,546 | 640,564 |
| Total Net Assets | \$816,685 | \$801,518 |

*Certain reclassifications were made for consistency between years due to a change in reporting as identified in Note 11 to the basic financial statements.

As mentioned previously, net assets of governmental activities increased \$15,167 or 1.9 percent during 2008. This increase is a result of receipts in excess of disbursements.

Table 2 reflects the changes in net assets in 2008. A comparative analysis of 2008 and 2007 is presented.

Table 2
Change in Net Assets

| | Governmental Activities | |
|--|-------------------------|------------------|
| | 2008 | 2007 |
| <i>Receipts:</i> | | |
| <i>Program Receipts:</i> | | |
| Charges for Services | \$3,072,669 | \$2,710,859 |
| Operating Grants and Contributions | 1,597,144 | 1,816,194 |
| Total Program Receipts | 4,669,813 | 4,527,053 |
| <i>General Receipts:</i> | | |
| Property Taxes | 629,527 | 679,405 |
| Grants and Entitlements not Restricted | | |
| To Specific Programs | 186,043 | 139,987 |
| Miscellaneous | 781 | 3,387 |
| Total General Receipts | 816,351 | 822,779 |
| Total Receipts | 5,486,164 | 5,349,832 |

General Health District
Ross County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2
Change in Net Assets
(Continued)

| | Governmental Activities | |
|--------------------------------|-------------------------|------------------|
| | 2008 | 2007 |
| <i>Disbursements:</i> | | |
| Current: | | |
| Public Health Services: | | |
| Children's Health | \$877,158 | \$884,178 |
| Environmental Health | 474,929 | 517,995 |
| Community Health | 1,030,748 | 1,335,755 |
| Administrative Services | 634,072 | 579,671 |
| Home Health | 2,238,578 | 2,205,958 |
| Community Preparedness | 215,512 | 235,442 |
| Total Disbursements | <u>5,470,997</u> | <u>5,758,999</u> |
| <i>Change in Net Assets</i> | 15,167 | (409,167) |
| <i>Net Assets, January 1</i> | 801,518 | 1,210,685 |
| <i>Net Assets, December 31</i> | <u>\$816,685</u> | <u>\$801,518</u> |

Charges for services increased \$361,810 due mainly to increased receipts for home health services for Medicare reimbursements. Operating grants and contributions decreased \$219,050 due mainly to the loss of the SPRANS grant, which was partially offset by increased SOWCP funding. Community health disbursements decreased due mainly to decreased receipts as a result of the loss of the SPRANS grant.

Program receipts represent 85.1 percent of total receipts in 2008, and are comprised of charges for services collected from customers and for operating grants and contributions.

General receipts represent 14.9 percent of the District's total receipts for 2008. These receipts consist of property taxes, unrestricted intergovernmental receipts, and miscellaneous receipts.

Disbursements consist primarily of home health services, community health services, children's health services, and other disbursements.

Governmental Activities

If you look at the statement of activities, as referenced in the table of contents, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The next two columns of the statement, entitled Program Cash Receipts, identify two types of program receipts. The first type is charges for services, which consists of amounts paid by people who are directly charged for services provided. The second type is operating grants and contributions, which consists of operating grants and contributions directly related to program services being provided. The Net Receipts (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided from sources other than charges for services and operating grants and contributions. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

General Health District
Ross County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 3
Governmental Activities

| | Total Cost Of Services 2008 | Net Cost Of Services 2008 | Total Cost Of Services 2007 | Net Cost Of Services 2007 |
|-------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Children's Health | \$877,158 | (\$31,529) | \$884,178 | \$17,716 |
| Environmental Health | 474,929 | 159,894 | 517,995 | 203,073 |
| Community Health | 1,030,748 | 432,817 | 1,335,755 | 488,537 |
| Administrative Services | 634,072 | 451,930 | 579,671 | 392,482 |
| Home Health | 2,238,578 | (221,287) | 2,205,958 | 111,111 |
| Community Preparedness | 215,512 | 9,359 | 235,442 | 19,027 |
| Total Disbursements | <u>\$5,470,997</u> | <u>\$801,184</u> | <u>\$5,758,999</u> | <u>\$1,231,946</u> |

The District's Funds

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

The focus of the District's governmental funds is to provide information on receipts, disbursements, 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 year.

Total governmental funds had receipts and other financing sources of \$6,331,254 and disbursements and other financing uses of \$6,316,087. The greatest change within governmental funds occurred within the General Fund, the balance of which decreased due mainly to decreased property tax receipts. The Home Health Fund's balance increased by \$29,769. The Public Health Fund's balance had no change as receipts equaled disbursements.

Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. During 2008, the District amended its General Fund budget to reflect changing circumstances. There were no significant budgetary variances noted for 2008.

Capital Assets

The District does not currently report its capital assets and infrastructure as it is not required by law.

Debt

The District had no debt outstanding as of December 31, 2008.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, 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 Mr. Donald Holcomb, Chief Fiscal Officer, 475 Western Avenue, Chillicothe, Ohio 45601.

General Health District
Ross County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2008

| | <u>Governmental Activities</u> |
|---------------------------|------------------------------------|
| Assets | |
| Cash | \$53,174 |
| Equity in County Treasury | <u>763,511</u> |
| Total Assets | <u><u>\$816,685</u></u> |
| Net Assets | |
| Restricted For: | |
| Other Purposes | \$217,139 |
| Unrestricted | <u>599,546</u> |
| Total Net Assets | <u><u>\$816,685</u></u> |

See the accompanying notes to the basic financial statements.

General Health District
Ross County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

| | Program Cash Receipts | | | Net Receipts (Disbursements) and Changes in Net Assets |
|-------------------------------|-----------------------|--|--|---|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities | | | | |
| Current: | | | | |
| Children's Health | \$877,158 | \$0 | \$908,687 | \$31,529 |
| Environmental Health | 474,929 | 315,035 | 0 | (159,894) |
| Community Health | 1,030,748 | 150,666 | 447,265 | (432,817) |
| Administrative Services | 634,072 | 147,103 | 35,039 | (451,930) |
| Home Health | 2,238,578 | 2,459,865 | 0 | 221,287 |
| Community Preparedness | 215,512 | 0 | 206,153 | (9,359) |
| Total Governmental Activities | <u>\$5,470,997</u> | <u>\$3,072,669</u> | <u>\$1,597,144</u> | <u>(801,184)</u> |
| | | General Receipts | | |
| | | Property Taxes Levied for | | |
| | | General Health District Purposes | | 629,527 |
| | | Grants and Entitlements not Restricted | | |
| | | to Specific Programs | | 186,043 |
| | | Miscellaneous | | 781 |
| | | Total General Receipts | | <u>816,351</u> |
| | | Change in Net Assets | | 15,167 |
| | | Net Assets Beginning of Year | | <u>801,518</u> |
| | | Net Assets End of Year | | <u><u>\$816,685</u></u> |

See the accompanying notes to the basic financial statements.

General Health District
Ross County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

| | General | Home Health | Public Health | Other Governmental Funds | Total Governmental Funds |
|--|------------------|------------------|------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Cash | \$53,174 | \$0 | \$0 | \$0 | \$53,174 |
| Equity in County Treasury | 643,844 | 141,569 | 0 | (21,902) | 763,511 |
| Total Assets | \$697,018 | \$141,569 | \$0 | (\$21,902) | \$816,685 |
| Fund Balances | | | | | |
| Unreserved, Undesignated, Reported In: | | | | | |
| General Fund | \$697,018 | \$0 | \$0 | \$0 | \$697,018 |
| Special Revenue Funds | 0 | 141,569 | 0 | (21,902) | 119,667 |
| Total Fund Balances | \$697,018 | \$141,569 | \$0 | (\$21,902) | \$816,685 |

See the accompanying notes to the basic financial statements.

General Health District
Ross County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

| | General | Home Health | Public Health | Other Governmental Funds | Total Governmental Funds |
|---|------------------|------------------|------------------|--------------------------------|--------------------------------|
| Receipts | | | | | |
| Property Taxes | \$629,527 | \$0 | \$0 | \$0 | \$629,527 |
| Intergovernmental | 221,082 | 0 | 0 | 1,562,105 | 1,783,187 |
| Charges for Services | 147,103 | 2,459,865 | 150,666 | 315,035 | 3,072,669 |
| Miscellaneous | 781 | 0 | 0 | 0 | 781 |
| Total Receipts | 998,493 | 2,459,865 | 150,666 | 1,877,140 | 5,486,164 |
| Disbursements | | | | | |
| Current: | | | | | |
| Children's Health | 0 | 0 | 0 | 877,158 | 877,158 |
| Environmental Health | 0 | 0 | 0 | 474,929 | 474,929 |
| Community Health | 0 | 0 | 632,506 | 398,242 | 1,030,748 |
| Administrative Services | 634,072 | 0 | 0 | 0 | 634,072 |
| Home Health | 0 | 2,238,578 | 0 | 0 | 2,238,578 |
| Community Preparedness | 0 | 0 | 0 | 215,512 | 215,512 |
| Total Disbursements | 634,072 | 2,238,578 | 632,506 | 1,965,841 | 5,470,997 |
| Receipts Over (Under) Disbursements | 364,421 | 221,287 | (481,840) | (88,701) | 15,167 |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 197,437 | 0 | 481,840 | 165,813 | 845,090 |
| Transfers Out | (647,653) | (191,518) | 0 | (5,919) | (845,090) |
| Total Other Financing Sources (Uses) | (450,216) | (191,518) | 481,840 | 159,894 | 0 |
| Net Change in Fund Balances | (85,795) | 29,769 | 0 | 71,193 | 15,167 |
| Beginning Fund Balances, January 1, As Restated | 782,813 | 111,800 | 0 | (93,095) | 801,518 |
| Ending Fund Balances, December 31 | \$697,018 | \$141,569 | \$0 | (\$21,902) | \$816,685 |

See the accompanying notes to the basic financial statements.

General Health District
Ross County, Ohio
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|-----------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property Taxes | \$663,700 | \$629,527 | \$629,527 | \$0 |
| Intergovernmental | 194,000 | 221,082 | 221,082 | 0 |
| Charges for Services | 158,476 | 147,103 | 147,103 | 0 |
| Miscellaneous | 151 | 800 | 781 | (19) |
| Total Receipts | 1,016,327 | 998,512 | 998,493 | (19) |
| Disbursements | | | | |
| Current: | | | | |
| Administrative Services | 647,537 | 634,073 | 634,072 | 1 |
| Total Disbursements | 647,537 | 634,073 | 634,072 | 1 |
| Receipts Over (Under) Disbursements | 368,790 | 364,439 | 364,421 | (18) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 100,000 | 197,437 | 197,437 | 0 |
| Transfers Out | (629,860) | (647,653) | (647,653) | 0 |
| Total Other Financing Sources (Uses) | (529,860) | (450,216) | (450,216) | 0 |
| Net Change in Fund Balances | (161,070) | (85,777) | (85,795) | (18) |
| Beginning Fund Balances, January 1, As Restated | 782,813 | 782,813 | 782,813 | 0 |
| Ending Fund Balances, December 31 | \$621,743 | \$697,036 | \$697,018 | (\$18) |

See the accompanying notes to the basic financial statements.

General Health District
Ross County, Ohio
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
Home Health Fund
For the Year Ended December 31, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|-------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Charges for Services | \$2,512,000 | \$2,430,096 | \$2,459,865 | \$29,769 |
| Total Receipts | 2,512,000 | 2,430,096 | 2,459,865 | 29,769 |
| Disbursements | | | | |
| Current: | | | | |
| Home Health | 2,511,500 | 2,238,578 | 2,238,578 | 0 |
| Total Disbursements | 2,511,500 | 2,238,578 | 2,238,578 | 0 |
| Receipts Over (Under) Disbursements | 500 | 191,518 | 221,287 | 29,769 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (100,000) | (191,518) | (191,518) | 0 |
| Total Other Financing Sources (Uses) | (100,000) | (191,518) | (191,518) | 0 |
| Net Change in Fund Balances | (99,500) | 0 | 29,769 | 29,769 |
| Beginning Fund Balances, January 1, As Restated | 111,800 | 111,800 | 111,800 | 0 |
| Ending Fund Balances, December 31 | \$12,300 | \$111,800 | \$141,569 | \$29,769 |

See the accompanying notes to the basic financial statements.

General Health District
Ross County, Ohio
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
Public Health Fund
For the Year Ended December 31, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|-----------|---|
| | Original | Final | | |
| Receipts | | | | |
| Charges for Services | \$189,560 | \$150,666 | \$150,666 | \$0 |
| Total Receipts | 189,560 | 150,666 | 150,666 | 0 |
| Disbursements | | | | |
| Current: | | | | |
| Community Health | 655,222 | 632,506 | 632,506 | 0 |
| Total Disbursements | 655,222 | 632,506 | 632,506 | 0 |
| Receipts Over (Under) Disbursements | (465,662) | (481,840) | (481,840) | 0 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 465,662 | 481,840 | 481,840 | 0 |
| Total Other Financing Sources (Uses) | 465,662 | 481,840 | 481,840 | 0 |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Beginning Fund Balances, January 1, As Restated | 0 | 0 | 0 | 0 |
| Ending Fund Balances, December 31 | \$0 | \$0 | \$0 | \$0 |

See the accompanying notes to the basic financial statements.

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

1. REPORTING ENTITY

The General Health District, Ross County, Ohio, (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is responsible for the administration of all health programs established by the Ohio Revised Code, the Ohio Department of Health, and the Public Health Council. Services provided by the District include, but are not limited to, the inspection and licensing of public health programs, community nursing activities, the control of communicable diseases, immunization clinics, environmental health programs, and home health activities.

By law, the Ross County Auditor is the fiscal agent of the District.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Cash

As required by the Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. As of December 31, 2008, the District's share of the County's Cash and Investment Pool was \$763,511. All risks associated with deposits and investments held at the Treasurer's Office are the responsibility of Ross County. Deposit and investment disclosures for the County as a whole may be obtained from the Ross County Auditor's Office, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601, (740) 702-3080.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2008 was \$53,174 and the bank balance was \$53,174. The entire balance was covered by federal depository insurance.

B. Fund Accounting

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

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds – Governmental funds are those through which most governmental functions of the District are financed. The following are the District’s major governmental funds:

1. General Fund – The General Fund is the general operating fund. It is used to account for all financial resources of the District, except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio laws.
2. Home Health Fund – The Home Health Fund receives charges for services from Medicare, Medicaid and other sources to provide home health care services to clients.
3. Public Health Fund – The Public Health Fund receives charges for services provided through clinics to provide health care services to the community.

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

C. Basis of Presentation

The District uses the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The District’s basic financial statements consist of government-wide statements, including a statement of net assets – cash basis and statement of activities – cash basis, and fund financial statements, which provide a more detailed level of financial information.

D. 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.

The statement of net assets - cash basis presents the cash basis financial condition of governmental activities of the District at year-end. The statement of activities - cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District’s governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services identifiable to a particular program and operating grants and contributions. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the District.

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 at a more detailed level. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

F. Basis of Accounting

The District prepares its financial statements and notes on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

G. Cash Receipts—Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the monies have been received. On the cash basis, receipts from grants and entitlements, and donations are recognized in the year in which the monies have been received.

H. Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the 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's Board. The District uses the object level within each fund and function as its legal level of control.

Ohio Revised Code Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the District if the filing has not been made.

Ohio Revised Code Section 3709.28 establishes budgetary requirements for the District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the District must adopt an itemized appropriation measure. The appropriations measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the County Budget Commission. Subject to estimated resources, the District's Board may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the County Budget Commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed by the District's Board.

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 reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the District's Board during the year.

J. Capital Assets

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

K. Compensated Absences

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

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets – Cash Basis

Under the District's cash basis of accounting, net assets equal cash balances. Net assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised of net assets restricted for grants. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$217,139 of restricted net assets, none is restricted by enabling legislation.

M. Interfund Transactions

The statements report transfers between funds as receipts in the seller funds and as disbursements in the purchasing funds. Subsidies from one fund to another without requirement for repayment are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs. Transfers among governmental activities are eliminated in the government-wide statement of activities.

3. INTERGOVERNMENTAL RECEIPTS

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in intergovernmental receipts on the accompanying basic financial statements.

4. LEVIED TAXES

The County Commissioners are serving as the taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The levy generated \$629,527 in 2008. This amount is reflected as property tax receipts on the accompanying basic financial statements.

5. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

5. DEFINED BENEFIT PENSION PLAN (Continued)

- 3) The Combined Plan (CO) – 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.
- B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans.

The member contribution rates were 10.0%, 9.5% and 9.0% for 2008, 2007, and 2006, respectively, for the District.

The employer contribution rates were 14.0%, 13.85%, and 13.70% of covered payroll for 2008, 2007, and 2006, respectively, for the District.

The District's contributions to OPERS for the years ended December 31, 2008, 2007, and 2006 were \$438,310, \$453,579, and \$561,981, respectively, which were equal to the required contributions for those years.

6. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

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

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

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

6. POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contributions allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. For 2006, this percentage was 4.5%. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The employer contributions that were used to fund post-employment benefits were \$219,155 for 2008, \$163,742 for 2007, and \$184,611 for 2006.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

7. RISK MANAGEMENT

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expense. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

7. RISK MANAGEMENT (Continued)

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

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on a specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operation contributions. The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are an obligation of the respective government.

Financial Position

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

| | |
|-------------------|---------------------|
| | <u>2007</u> |
| Assets | \$37,560,071 |
| Liabilities | <u>(17,340,825)</u> |
| Retained Earnings | <u>\$20,219,246</u> |

Coverage has not been significantly reduced from the prior year. Settlements have not exceeded insurance coverage in any of the past three years.

8. JOINTLY GOVERNED ORGANIZATION

Southeastern Ohio Regional Tobacco Coalition (SEORTC) – This coalition is a regional group of health districts working on an approach to tobacco control. The coalition is made up of the Fairfield Department of Health, Licking County Health Department, Perry County General Health District, Ross County General Health District, Vinton County General Health District, and Newark City Health Department. The Fairfield Department of Health was approved by the board on June 13, 2002 to be the lead agency for the Southeastern Ohio Regional Tobacco Coalition. As the lead agency, the Fairfield Department of Health applies for the grant, receives the grant monies, and distributes monies to other health districts to carry out the services relating to tobacco control. The various boards of health provide in-kind and/or cash match to the program such as salaries, fringes, supplies, travel, space, training, and advertising. Contracts are entered into with the various participating health districts detailing the operations. The contracts remain in force until the Ohio Tobacco Foundation terminated funding activities and services provided by SEORTC. The Foundation terminated its activities after its fiscal year 2008 and the Ohio Department of Health initiated its funding activities for fiscal year 2009. The participating health districts provide the applicable services and submit the required supporting documentation for those services to the Fairfield Department of Health. The Fairfield Department of Health reimburses the participating health districts based on the supporting documentation received. The Ross County General Health District has no equity interest and no debt obligations, nor is the existence of this organization dependent upon members.

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. INTERFUND TRANSFERS

The District had the following interfund transfers for the year ended December 31, 2008:

| | Transfers In | Transfers Out |
|-----------------------------|-----------------|------------------|
| Major Funds: | | |
| General Fund | \$197,437 | \$647,653 |
| Home Health Fund | 0 | 191,518 |
| Public Health Fund | 481,840 | 0 |
| Total Major Funds | 679,277 | 839,171 |
| Non-Major Funds: | | |
| Camp/Rec Parks Fund | 30 | 0 |
| Mobile Home Parks Fund | 0 | 5,919 |
| Food Service Fund | 20,275 | 0 |
| Water Systems Fund | 17,154 | 0 |
| Swimming Pools/Bathing Fund | 1,439 | 0 |
| Environmental Health Fund | 77,150 | 0 |
| Sewage Program Fund | 49,765 | 0 |
| Total Non-Major Funds | 165,813 | 5,919 |
| Total All Funds | \$845,090 | \$845,090 |

Transfers were made from the General Fund to other governmental funds to subsidize operations. Transfers were made from the Home Health Fund and Mobile Home Parks Fund to the General Fund in accordance with budgetary authorizations.

11. RESTATEMENT OF BEGINNING BALANCES/CHANGE IN ACCOUNTING PRINCIPLES

Restatement

In previous years, the District reported all activity in a single fund. For 2008, the District has opted to recognize funds separately and in accordance with Governmental Accounting Standards Board Statement No. 34. As a result, a restatement of beginning fund balances was necessary. This restatement had the following effect:

| | General Fund | Home Health Fund | Public Health Fund | Other Governmental Funds |
|---|-----------------|------------------------|--------------------------|--------------------------------|
| Fund Balances, December 31, 2007 | \$801,518 | \$0 | \$0 | \$0 |
| Fund Reclassifications | (18,705) | 111,800 | 0 | (93,095) |
| Fund Balances, January 1, 2008, As Restated | \$782,813 | \$111,800 | \$0 | (\$93,095) |

General Health District
Ross County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

**11. RESTATEMENT OF BEGINNING BALANCES/CHANGE IN ACCOUNTING PRINCIPLES
(Continued)**

Change in Accounting Principles

For 2008, the District implemented GASB Statement No. 50, "Pension Disclosures—an Amendment of GASB Statements No. 25 and No. 27," and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to the basic financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards had no effect on the financial statements, nor did their implementation require a restatement of prior year balances.

Ross County Health District
Ross County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2008

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|---|----------------------------------|---------------------------|--------------------------------|
| U.S. Department of Agriculture | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 07110011WA0108 | 10.557 | \$337,482 |
| | 07110011WA0209 | | <u>88,713</u> |
| Total U.S. Department of Agriculture | | | <u>426,195</u> |
| U.S. Department of Transportation | | | |
| <i>Passed Through Ohio Department of Public Safety and Office of the Governor's Highway Safety Representatives:</i> | | | |
| State and Community Highway Safety | SC-2008-71-00-00-00269-00 | 20.600 | 18,857 |
| | SC-2009-71-00-00-00387-00 | | <u>4,348</u> |
| Total U.S. Department of Transportation | | | <u>23,205</u> |
| U.S. Department of Health and Human Services | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | 07110012PI0108 | 93.069 | 89,874 |
| Public Health Emergency Preparedness | 07110012PI0209 | | <u>32,660</u> |
| | | | 122,534 |
| Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs | 07110014BC0108 | 93.919 | 166,400 |
| | 07110014BC0209 | | <u>104,033</u> |
| | | | 270,433 |
| Preventive Health and Health Services Block Grant | 7110014CH108 | 93.991 | <u>69,746</u> |
| Total U.S. Department of Health and Human Services | | | <u>462,713</u> |
| Total Federal Awards Expenditures | | | <u><u>\$912,113</u></u> |

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

Ross County Health District
Ross County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING FUNDS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal matching funds is not included on the schedule.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Ross County Health District
Ross County, Ohio
475 Western Avenue, Suite A
Chillicothe, OH 45601

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ross County Health District (the District), as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 12, 2009 wherein we noted the District followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America and the District implement Government Auditing Standards Board (GASB) statement No. 45 and No. 50. 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Members of the Board

Ross County Health District

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported the District's management in a separate letter dated June 12, 2009.

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



Balestra, Harr & Scherer, CPAs, Inc.

June 12, 2009

BALESTRA, HARR & SCHERER, CPAs, INC.

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

Ross County Health District
Ross County, Ohio
475 Western Avenue, Suite A
Chillicothe, Ohio 45601

Compliance

We have audited the compliance of the Ross County Health District, Ross County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. The District's major federal program is 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 its major federal program 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 of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

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


Internal Control Over Compliance (Continued)

A control deficiency in an 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 federal program compliance requirement 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 the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.

June 12, 2009

**General Health District
Ross County, Ohio**
*Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2008*

1. SUMMARY OF AUDITOR'S RESULTS

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

General Health District
Ross County, Ohio
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2008

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

ROSS COUNTY HEALTH DISTRICT

ROSS 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 1, 2009**