



Mary Taylor, CPA
Auditor of State

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Champaign Health District
Champaign County
1512 S. US Highway 68
Suite Q100
Urbana, Ohio 43078

To the Members of the Board:

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

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

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 Champaign Health District, Champaign County, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Food Service, PHI/MRC, Help Me Grow, and WIC Funds for the year ended December 31, 2008, and the General, Health Grant and Food Service funds for the year ended December 31, 2007, in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

December 4, 2009

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

This discussion and analysis of the Champaign Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2008, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Health District's financial performance.

Highlights

Key highlights for 2008 are as follows:

- Net assets from all governmental activities increased by \$125,273, a significant change predominantly due to first of five year levy collection, assumption of all Help Me Grow service coordination activities, and an increase in WIC services provided with the accompanying funds.
- Program specific receipts in the form of charges for services, and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 60 percent of all the dollars coming into the District. General receipts in the form tax receipts, subdivision revenue and unrestricted grants make up the other 40 percent. This is a significant shift from 2007 due to the receipt of first year levy funds in the amount of \$268,933.
- The Health District had \$ 1,004,309 in disbursements during 2008.
- Program receipts increased by \$52,096 due to the attainment of the Help Me Grow activities for the county. This program provides early childhood services for families in Champaign County. These restricted funds can only used to provide the Help Me Grow.

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 Health 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 Health District as a whole.

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than the generally accepted accounting principles. Under the Health 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.

Reporting the Health District as a Whole

The Champaign Health District is established to exercise the rights, privileges, and responsibilities conveyed to it by the constitution and laws of the State of Ohio. The Health District is directed by a five-member Board of Health that appoints a Health Commissioner as its Executive Officer. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and the issuance of health-related licenses and permits. The Health District also acts upon various complaints made by the public concerning the health and welfare of the county.

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

These statements report the Health 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 Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating.

When evaluating the Health District's financial condition, you should also consider other non-financial factors. Such as, the extent of the Health District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in in-side millage as a local revenue source.

In the statement of net assets and the statement of activities, all Health District activities are reported as governmental. State and federal grants, fees, and inside millage finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them; particularly in the personal health services division. The Health District has no business-type activities.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Reporting the District's Most Significant Funds

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

All of the Health District's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Health 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 Health District's programs. The Health 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 Health District's major Governmental funds are the General Fund, the PHI/MRC Fund, the Food Service Fund, the Help Me Grow Fund and the WIC Fund. The Help Me Grow and WIC Funds were reported as part of the Health Grant Funds in 2007, but were reported as separate funds in 2008. The programs reported in Governmental funds are closely related to those reported in the Governmental Activities section of the entity-wide statements.

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2008 on a cash basis. A comparative analysis will be presented.

**(Table 1)
Net Assets**

	Governmental Activities	
	2008	2007
Assets		
Cash and Cash Equivalents	\$313,255	\$187,982
Total Assets	<u>313,255</u>	<u>187,982</u>
Net Assets		
Restricted for:		
Restricted	102,525	108,095
Unrestricted	210,730	79,887
Total Net Assets	<u>\$313,255</u>	<u>\$187,982</u>

As mentioned previously, net assets of all governmental activities increased by \$125,273 during 2008. The primary reasons contributing to the increases in cash balances are as follows:

- Levy Collections
- Help Me Grow grant expansion

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Table 2 reflects the changes in net assets in 2008. A comparative analysis of District-wide data is presented.

**(Table 2)
Changes in Net Assets**

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 254,148	\$295,845
Operating Grants and Contributions	426,202	332,409
Total Program Receipts	<u>680,350</u>	<u>628,254</u>
General Receipts:		
Revenue from Subdivisions	168,500	168,500
State Subdivisions	11,799	11,794
Levy	268,933	
Total General Receipts	<u>449,232</u>	<u>180,294</u>
Total Receipts	<u>1,129,582</u>	<u>808,548</u>
Disbursements:		
Environmental Health		
Food Program	76,229	59,352
Solid Waste	4,482	24,984
Swimming Pools	3,158	2,592
Plumbing	33,584	39,677
Sewage	48,691	63,056
Other Environmental Health	138,765	57,720
Personal Health Services	102,238	72,952
Immunizations	22,500	27,039
Laboratory	10,573	7,810
Grants:		
WIC	113,573	122,848
Help Me Grow	159,211	82,113
Immunizations	17,071	14,866
MRC	7,644	5,044
Public Health Infrastructure	97,530	96,246
Vital Statistics	20,504	9,030
Child Abuse Prevention	6,582	7,883
Administration	116,366	127,909
Travel/Training	18,252	22,279
Other Health Expenditures	7,356	45,839
Total Disbursements	<u>1,004,309</u>	<u>889,239</u>
Increase (Decrease) in Net Assets	125,273	(80,691)
Net Assets, January 1, 2008	<u>187,982</u>	<u>268,673</u>
Net Assets, December 31, 2008	<u>\$ 313,255</u>	<u>\$187,982</u>

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

General receipts represent 40 percent of the Health District's total receipts, and of this amount, 37.5 percent are local taxes (revenue from subdivisions) provided by each municipality and township in the county. Levy dollars represent 59.8 percent of general receipts, with the remaining amount at less than 3 percent provided by the State Subsidy.

Disbursements for the Health District represent the overhead costs of running the Health District and the support services provided for the other District activities. These include primarily the costs of personnel and personnel support at 79 percent of total disbursements, as the primary product of the Health District is preventive health services which are labor-intensive.

Capital outlay signifies the disbursements for equipment for use in administering the Health District's services. There were no significant equipment purchases during 2008, with the total equipment purchases at approximately 2 percent of all disbursements.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The next column of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the Health District that must be used to provide a specific service.

The Net Cost (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3

**Table 3
Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008
Environmental Health:		
Food Program	\$ 76,229	(\$ 7,069)
Solid Waste	4,482	(438)
Swimming Pools	3,158	(103)
Plumbing	33,584	13,544
Sewage	48,691	(4,435)
Other Environmental Health	138,765	(127,461)
Personal Health Services	102,238	(92,226)
Immunizations	22,500	2,917
Laboratory	10,573	(3,836)
Grants:		
WIC	113,573	8,678
Heal Me Grow	159,211	230
IAP	17,071	(616)
MRC Grant	7,644	(2,629)
Public Health Infrastructure	97,530	(19,962)
Vital Statistics	20,504	1,372
Child Abuse Prevention	6,582	831
Administration	116,366	(107,276)
Travel/ Training	18,252	(18,252)
Other Health Expenditures	7,152	(7,152)
Total Governmental Activities	\$1,004,309	(\$323,959)

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

The Health District's Funds

Total Governmental funds had receipts of \$1,129,582 and disbursements of \$1,004,309. The greatest change within Governmental funds occurred within the General Fund, the balance of which increased \$130,843 due to first year levy collections.

Receipts were more than disbursements in the Help Me Grow and WIC Funds mainly due to the increase in grants funds. The PHI/MRC Fund had expenditures in excess of receipts primarily the result of an increase salary expense. The Food Service Funds had expenditures in excess of receipts primarily the result of a reduction in revenues. Other Governmental Funds had approximately the same revenues as expenditures.

General Fund Budgeting Highlights

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

During 2008, the Health District amended its General and Special Revenue fund budgets to reflect changing circumstances. The expansion of Help Me Grow required an Amended Certificate of Estimated Resources, as did an increase in funds available through a Medical Reserve Corp grant.

Revenues for General Fund were originally budgeted at \$598,117, amended to \$597,917, and actual revenue was \$581,355. Revenues for the PHI/MRC Fund were originally budgeted at \$83,053, amended to \$122,818, and actual revenue was \$122,818; increasing primarily as a result of additional grant money. Revenues for the Food Service Fund were originally budgeted at \$74,715, amended to \$69,077, and actual revenue was \$69,160; a decrease due to the number of services licensed and inspected as well as changes in staff that are paid at a lower salary. Revenues for Help Me Grow were originally budgeted at \$98,369, amended to \$147,205, and actual revenue of \$159,371 as a result of expansion to provide all required services for the county. Revenues for WIC were originally budgeted at \$108,580, amended to \$119,251, and actual revenue of \$122,252 due to increases in grant funding for services provided.

Disbursements for General Fund were originally budgeted at \$494,981, amended to \$514,981, and actual disbursements were \$476,476. Disbursements for the PHI/MRC Fund were originally budgeted at \$87,528, amended to \$131,350, and actual disbursements were \$125,465. Disbursements for the Food Service Fund were originally budgeted at \$50,058, amended to \$77,559, and actual disbursements were \$76,574. Disbursements for Help Me Grow were originally budgeted at \$52,906, amended to \$159,561, and actual disbursements of \$159,561. Disbursements for WIC were originally budgeted at \$81,830, amended to \$116,756, and actual disbursements of \$113,451.

Capital Assets

The Health District does not currently keep track of its capital assets and infrastructure. The Health District has not made plans to track this, as it is not required by current law. The Health District does not own land or other real estate at this time.

Debt

At December 31, 2008, the Health District's outstanding debt included future lease payments for the office facility and copier equipment, as well as accumulated leave balances for the Health District's employees. For further information regarding the Health District's rental lease, refer to the note 10 to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Current Issues

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Health District relies heavily on inside millage from the cities, Districts, and villages and state level grant funds; as the inside millage and the grant funds are fairly fixed we continue to struggle with the increase in operating expenses primarily in personnel costs. Without a significant change in these resources, even with conservative spending, the Health District will continue to see a decrease in financial stability. The District successfully passed a 0.4 mil levy in November 2007, this additional funding in 2008 through 2012 will assure that basic service provision can continue even with shrinkage of grant funding.

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Health District's finances and to reflect the Health 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 Shelia Hiddleston, Health Commissioner, Champaign Health District, 1512 S. US Highway 68, Suite Q100, Urbana, OH 43078.

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CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$313,255
Total Assets	<u>313,255</u>
Net Assets:	
Restricted for:	
Other Purposes	102,525
Unrestricted	<u>210,730</u>
Total Net Assets	<u>\$313,255</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Environmental Health:				
Food Program	\$76,229	\$69,160		(\$7,069)
Solid Waste	4,482	5	\$4,039	(438)
Swimming Pools	3,158	3,055		(103)
Plumbing	33,584	47,128		13,544
Sewage	48,691	44,256		(4,435)
Other Environmental Health	138,765	11,304		(127,461)
Personal Health Services	102,238	10,012		(92,226)
Immunizations	22,500	25,417		2,917
Laboratory	10,573	6,737		(3,836)
Grants:				
WIC	113,573	84	122,167	8,678
Help Me Grow	159,211	233	159,208	230
Immunizations	17,071	1,714	14,741	(616)
MRC	7,644		5,015	(2,629)
Public Health Infrastructure	97,530	2,440	115,052	19,962
Vital Statistics	20,504	21,876		1,372
Child Abuse Prevention	6,582	7,413		831
Administration	116,366	3,110	5,980	(107,276)
Travel/Training	18,252			(18,252)
Other Health Expenditures	7,356	204		(7,152)
Total Governmental Activities	<u>\$1,004,309</u>	<u>\$254,148</u>	<u>\$426,202</u>	<u>(323,959)</u>
General Receipts:				
				268,933
				168,500
				11,799
Total General Receipts				<u>449,232</u>
				125,273
				187,982
				<u>\$313,255</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
DECEMBER 31, 2008**

	<u>General</u>	<u>PHI/MRC</u>	<u>Food Service</u>	<u>Help Me Grow</u>	<u>WIC</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$210,730	\$30,258	\$39,587	\$2,026	\$15,499	\$15,155	\$313,255
Total Assets	<u>210,730</u>	<u>30,258</u>	<u>39,587</u>	<u>2,026</u>	<u>15,499</u>	<u>15,155</u>	<u>313,255</u>
Fund Balances:							
Reserved:							
Reserved for Encumbrances	6,337	156	345	635	100	1,855	9,428
Unreserved:							
General Fund	204,393						204,393
Special Revenue Funds		30,102	39,242	1,391	15,399	13,300	99,434
Total Fund Balances	<u>\$210,730</u>	<u>\$30,258</u>	<u>\$39,587</u>	<u>\$2,026</u>	<u>\$15,499</u>	<u>\$15,155</u>	<u>\$313,255</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CASH BASIS FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	PHI/MRC	Food Service	Help Me Grow	WIC	Other Governmental Funds	Total Governmental Funds
Receipts:							
State Funds	\$11,799						\$11,799
Grants:							
Local						\$4,039	4,039
State	814			\$139,518			140,332
Federal		\$120,358		19,690	\$122,167	14,450	276,665
Levy	268,933						268,933
Subdivisions	168,500						168,500
Fines, Licenses and Permits: Environmental	58,354		\$69,112			46,977	174,443
Nursing Fees	34,222	20				1,580	35,822
Medicaid/Medicare	15					105	120
Vital Statistic Fees	21,854					7,413	29,267
Charges for Services	6,792						6,792
Contracts	2,546						2,546
Donations	63						63
Reimbursements	7,463	2,440	48	163	85	62	10,261
Total Receipts	581,355	122,818	69,160	159,371	122,252	74,626	1,129,582
Disbursements:							
Current:							
Salaries - Employees	269,549	50,583	49,460	87,184	80,567	46,545	583,888
Sick Leave Vacation Payoff	8,899	844		1,295	732	87	11,857
Group Insurances	44,233	6,261	8,955	17,977	1,108	7,559	86,093
Medicare	2,610	760	695	2,537	1,177	659	8,438
PERS	38,598	7,195	6,922	12,217	11,275	6,500	82,707
Workers Compensation	10,146	2,151	1,529	2,062	2,990	2,028	20,906
Supplies - Office and program specific	6,395	5,877		8,632	7,543	374	28,821
Supplies - Postage	2,105	107	168		1,066	394	3,840
Supplies - Medical	3,946					115	4,061
Supplies - Vaccine	18,554						18,554
Equipment	933	16,167	927				18,027
Client Incentive/Health Promotion		1,607				93	1,700
Repair/Maintenance	614						614
Rent/Maintenance Building	10,510			4,983	5,000		20,493
Rent/Lease Equipment	3,047						3,047
Insurance Liability	3,952						3,952
Telephone	3,108	6,949		654		327	11,038
Audit	177						177
Advertising	500				375		875
Travel/ Training/ Dues / Membership	19,744	4,397	2,191	6,340	508	2,434	35,614
Consulting/ Contracts		22,409			1,010		23,419
Refunds	235						235
Fees - Lab	10,573						10,573
Fees - Vital Statistics	7,570					6,582	14,152
Fees - State Remittances			5,382			1,705	7,087
Fees- County Auditor	4,141						4,141
Total Disbursements	470,139	125,307	76,229	143,881	113,351	75,402	1,004,309
Excess of Receipts Over (Under) Disbursements	111,216	(2,489)	(7,069)	15,490	8,901	(776)	125,273
Other Financing Sources (Uses)							
Transfers In	19,627						19,627
Transfers Out				(15,045)		(4,582)	(19,627)
Total Other Financing Sources (Uses)	19,627			(15,045)		(4,582)	
Net Change in Fund Balances	130,843	(2,489)	(7,069)	445	8,901	(5,358)	125,273
Fund Balances Beginning of Year (Restated - Note 3)	79,887	32,747	46,656	1,581	6,598	20,513	187,982
Fund Balances End of Year	\$210,730	\$30,258	\$39,587	\$2,026	\$15,499	\$15,155	\$313,255

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
State Funds	\$11,502	\$11,502	\$11,799	\$297
Grants:				
State			814	814
Local	8,530			
Levy	264,000	264,000	268,933	4,933
Subdivisions	168,500	168,500	168,500	
Fines, Licenses and Permits: Environmental	61,860	63,660	58,354	(5,306)
Nursing Fees	37,700	37,700	34,222	(3,478)
Medicaid/Medicare	12,000	12,000	15	(11,985)
Vital Statistic Fees	23,500	23,500	21,854	(1,646)
Charges for Services	6,500	6,500	6,792	292
Donations			63	63
Reimbursements	4,025	10,555	7,463	(3,092)
Contracts			2,546	2,546
Total Receipts	<u>598,117</u>	<u>597,917</u>	<u>581,355</u>	<u>(16,562)</u>
Disbursements:				
Current:				
Salaries - Employees	250,000	277,050	269,549	7,501
Sick Leave Vacation Payoff	7,000	8,899	8,899	
Group Insurances	55,000	44,233	44,233	
Medicare	3,625	3,680	2,610	1,070
PERS	35,000	39,035	38,598	437
Workers Compensation	10,000	10,146	10,146	
Supplies -Office and program specific	5,513	6,585	7,662	(1,077)
Supplies - Postage	1,600	2,106	2,105	1
Supplies - Medical	7,508	7,403	3,946	3,457
Supplies - Vaccine	36,220	28,955	21,722	7,233
Equipment	1,575	933	933	
Repair/Maintenance	525	525	614	(89)
Rent/Maintenance Building	16,969	16,969	10,510	6,459
Repair/Maintenance equipment	4,200	4,200	3,047	1,153
Insurance Liability	3,990	3,990	3,952	38
Telephone	5,250	5,250	3,108	2,142
Advertising	525	685	500	185
Travel/ Training/ Dues / Membership	17,548	24,900	19,744	5,156
Audit Charges	8,850		177	(177)
Refunds	1,418	1,418	235	1,183
Fees - County Auditor		5,000	4,141	859
Fees - Lab	9,450	12,772	10,573	2,199
Fees - Vital Statistics	10,500	9,785	9,472	313
Unanticipated Emergency	2,715	462		462
Total Disbursements	<u>494,981</u>	<u>514,981</u>	<u>476,476</u>	<u>38,505</u>
Excess of Receipts Over Disbursements	<u>103,136</u>	<u>82,936</u>	<u>104,879</u>	<u>21,943</u>
Other Financing Sources (Uses):				
Transfers In			19,627	19,627
Transfers Out	(8,400)	(8,400)		8,400
Total Other Financing Sources (Uses)	<u>(8,400)</u>	<u>(8,400)</u>	<u>19,627</u>	<u>28,027</u>
Net Change in Fund Balances	94,736	74,536	124,506	49,970
Prior Year Encumbrances Appropriated	10,395	10,395	10,395	
Fund Balance Beginning of Year	<u>69,492</u>	<u>69,492</u>	<u>69,492</u>	
Fund Balance End of Year	<u>\$174,623</u>	<u>\$154,423</u>	<u>\$204,393</u>	<u>\$49,970</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENT AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH INFRASTRUCTURE/MRC FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Immunizations		\$291	\$291	
MRC	\$5,000	5,015	5,015	
Public Health Infrastructure	77,903	115,052	115,052	
Reimbursement	150	2,440	2,440	
Nursing Fees		20	20	
Total Receipts	<u>83,053</u>	<u>122,818</u>	<u>122,818</u>	
Disbursements:				
Current:				
Salaries - Employees	38,036	50,583	50,583	
Sick Leave Vacation Payoff		844	844	
Group Insurances	8,040	6,441	6,261	\$180
Medicare	579	760	760	
PERS	5,289	7,195	7,195	
Workers Compensation	1,361	2,563	2,151	412
Supplies - Office and program speciofic	1,617	5,753	5,877	(124)
Supplies - Postage	107	107	107	
Equipment	2,000	16,253	16,167	86
Client Incentive/Health Promotion	2,000	2,000	1,607	393
Telephone	5,333	6,214	6,949	(735)
Travel/ Training/ Dues / Membership	4,833	5,155	4,553	602
Consulting/ Contracts	18,333	27,482	22,409	5,073
Total Disbursements	<u>87,528</u>	<u>131,350</u>	<u>125,463</u>	<u>5,887</u>
Excess of Receipts (Under) Disbursements	<u>(4,475)</u>	<u>(8,532)</u>	<u>(2,645)</u>	<u>5,887</u>
Net Change in Fund Balances	(4,475)	(8,532)	(2,645)	5,887
Prior Year Encumbrances Appropriated	4,767	4,767	4,767	
Fund Balance Beginning of Year	<u>27,980</u>	<u>27,980</u>	<u>27,980</u>	
Fund Balance End of Year	<u>\$28,272</u>	<u>\$24,215</u>	<u>\$30,102</u>	<u>\$5,887</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FOOD SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Fines, Licenses and Permits: Environmental	\$74,715	\$69,077	\$69,112	\$35
Reimbursements			48	48
Total Receipts	<u>74,715</u>	<u>69,077</u>	<u>69,160</u>	<u>83</u>
Disbursements:				
Current:				
Salaries - Employees	27,500	49,460	49,460	
Group Insurances	8,800	8,972	8,955	17
Medicare	399	695	695	
PERS	3,809	6,922	6,922	
Workers Compensation	1,100	1,529	1,529	
Equipment	150	965	927	38
Travel/ Training/ Dues / Membership	2,000	2,531	2,191	340
Refunds		175	168	7
State Fees	6,300	6,310	5,727	583
Total Disbursements	<u>50,058</u>	<u>77,559</u>	<u>76,574</u>	<u>985</u>
Excess of Receipts (Under) Disbursements	<u>24,657</u>	<u>(8,482)</u>	<u>(7,414)</u>	<u>1,068</u>
Prior Year Encumbrances Appropriated	95	95	95	
Fund Balance Beginning of Year	<u>46,561</u>	<u>46,561</u>	<u>46,561</u>	
Fund Balance End of Year	<u>\$71,313</u>	<u>\$38,174</u>	<u>\$39,242</u>	<u>\$1,068</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
HELP ME GROW FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Help Me Grow	\$98,369	\$147,205	\$159,208	\$12,003
Reimbursements			163	163
Total Receipts	<u>98,369</u>	<u>147,205</u>	<u>159,371</u>	<u>12,166</u>
Disbursements:				
Current:				
Salaries - Employees	34,245	99,907	87,184	12,723
Sick Leave Vacation Payoff		1,295	1,295	0
Group Insurances	8,762	17,977	17,977	0
Medicare	497	2,749	2,537	212
PERS	4,769	13,979	12,217	1,762
Workers Compensation	1,369	2,410	2,062	348
Supplies -Office and program speciofic	601	8,632	8,632	0
Rent/Maintenance Building	576	4,983	4,983	0
Telephone	416	654	654	0
Travel/ Training/ Dues / Membership	1,671	6,975	6,975	0
Total Disbursements	<u>52,906</u>	<u>159,561</u>	<u>144,516</u>	<u>15,045</u>
Excess of Receipts Over (Under) Disbursements	<u>45,463</u>	<u>(12,356)</u>	<u>14,855</u>	<u>27,211</u>
Other Financing (Uses):				
Transfers Out			(15,045)	(15,045)
Total Other Financing (Uses)		<u>0</u>	<u>(15,045)</u>	<u>(15,045)</u>
Net Change in Fund Balances	45,463	(12,356)	(190)	12,166
Fund Balance Beginning of Year		<u>1,581</u>	<u>1,581</u>	
Fund Balance End of Year	<u>\$45,463</u>	<u>(\$10,775)</u>	<u>\$1,391</u>	<u>\$12,166</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
WIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
WIC	\$108,580	\$119,251	\$122,167	\$2,916
Reimbursements			85	85
Total Receipts	<u>108,580</u>	<u>119,251</u>	<u>122,252</u>	<u>3,001</u>
Disbursements:				
Current:				
Salaries - Employees	59,098	80,805	80,567	238
Sick Leave Vacation Payoff		732	732	
Group Insurances	4,052	3,085	1,108	1,977
Medicare	857	1,202	1,177	25
PERS	8,274	11,510	11,275	235
Workers Compensation	2,364	3,806	2,990	816
Supplies - Office and program speciofic	750	7,543	3,468	4,075
Supplies - Postage	802	1,080	1,066	14
Client Incentive/Health Promotion	375	375	4,450	(4,075)
Rent/Maintenance Building	3,750	5,000	5,000	
Travel/ Training/ Dues / Membership	750	608	608	
Consulting/Contracts	758	1,010	1,010	
Total Disbursements	<u>81,830</u>	<u>116,756</u>	<u>113,451</u>	<u>3,305</u>
Excess of Receipts Over Disbursements	<u>26,750</u>	<u>2,495</u>	<u>8,801</u>	<u>6,306</u>
Net Change in Fund Balances	26,750	2,495	8,801	6,306
Fund Balance Beginning of Year		<u>6,598</u>	<u>6,598</u>	
Fund Balance End of Year	<u>\$26,750</u>	<u>\$9,093</u>	<u>\$15,399</u>	<u>\$6,306</u>

See accompanying notes to the basic financial statements.

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**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Champaign Health District, (the Health District) as a body corporate and politic.

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include prevention and control of disease, immunization clinics, public health nursing services, inspections, the issuance of health-related licenses and permits, sanitation, abatement and removal of nuisances, and emergency response planning.

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; or the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Health District, are accessible to the Health District and are significant in amount to the Health District. The Health District includes no component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and contract services rendered for a program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The PHI/MRC Fund includes the Public Health Infrastructure and Medical Reserve CORP's funds, which are used to provide public health emergency preparedness and volunteer recruitment activities for the county.

The Help Me Grow and WIC Funds predominantly account for early childhood issues including nutrition, early detection and intervention. Each of these funds is restricted for a particular purpose.

The Food Service Fund accounts for revenue received for licenses and permits for county restaurants and vendors.

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

C. Basis of Accounting

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

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

D. 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 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 Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund, function, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities within the Health District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and Health Districts within the district if the filing has not been made.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure. The appropriation 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 Board of Health 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 on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

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

E. Cash and Investments

The Champaign County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Champaign County Auditor, 1512 S. US Highway 68, Suite B300, Urbana, Ohio 43078, (937) 484-1555.

F. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Fund Balance Reserves

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

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

3. CHANGE IN FUND BALANCE PRESENTATION

In 2008 the management of the Health District determined that, in order to more accurately account for and record transactions, it would be more meaningful to separate the Help Me Grow, WIC, and IAP cost centers from the Health Grant Funds (as reported in 2007) and report them as separate funds. The Help Me Grow and WIC Funds became major funds while the IAP rolled into Other Governmental Funds. The remaining funds within the Health Grant Funds would be called PHI/MRC. This change had the following impact on the reported fund balances:

	Health Grant	PHI/MRC	Help Me Grow	WIC	Other Governmental Funds
December 31, 2007	\$43,604				\$17,835
Restatement	(43,604)	\$32,747	\$1,581	\$6,598	2,678
Restated January 1, 2008		\$32,747	\$1,581	\$6,598	\$20,513

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$6,337
PHI/MRC Fund	156
Food Service Fund	345
Help Me Grow	635
WIC	100

5. INTERGOVERNMENTAL AND LEVY FUNDING

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

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the Health District with sufficient funds for health programs. The Health District received the first proceeds of this levy in 2008 in the amount of \$268,933. The financial statements include these amounts in the line item Levy receipts.

6. RISK MANAGEMENT

A. Commercial Insurance

The Health District has obtained commercial insurance for the following risks:

- Employee health insurance
- Errors and omissions.

B. Risk Pool Membership

The Health 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO.

Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

6. RISK MANAGEMENT (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007.

	2008	2007
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	\$20,459,329	\$20,219,246

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$4,000.

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.

Contributions to PEP	
2007	\$3,745
2008	3,952

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

6. RISK MANAGEMENT (Continued)

C. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

For 2008, the Health District, through Champaign County as their fiscal agent, participated in the State of Ohio Worker's Compensation system. The Health District budgets 4% of wages to provide Workers' Compensation coverage for it's' employees.

D. Employee Medical Benefits

The Health District participates in a health insurance plan through Anthem available for all fulltime employees. The fully insured plan includes health, mental health and prescription benefits.

The cost of the program for 2008 was \$86,093 compared to \$79,601 in 2007. This shows an increase primarily due to changes in numbers of full-time staff and premium changes.

7. DEFINED BENEFIT PENSION PLANS

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The District's contribution rate for OPERS in 2008 was 14 percent. The portion allocated to fund pension obligations was 7%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$42,500, \$42,448 and \$39,184 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

8. POST EMPLOYMENT BENEFITS

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

OPERS 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 Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-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 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members.

The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. 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 contribution allocated to the health care plan was 7.0% of covered payroll. Actual employer contributions for 2008 were \$42,500. 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.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

9. CONTINGENT LIABILITIES

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

10. CONTRACTUAL OBLIGATIONS

The Health District is a party to a multi-year lease for rental of office space. This lease was initiated August 1, 2005 and is renewable through July 31, 2010. This lease requires the District to remit monthly payments.

11. TRANSFERS

During the year the Health District transferred \$15,045 from the Help Me Grow Fund and \$4,582 from the Other Governmental Funds into the General Fund. These transfers were based on calculations made by management that showed the General Fund had paid expenses that should have been charged to the Help Me Grow Fund and Other Governmental Funds.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

This discussion and analysis of the Champaign Health District's (the Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2007, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Health District's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets from all governmental activities decreased by \$80,691 a significant change predominantly due to an increase in health insurance costs, decreases in revenue for tuberculosis and immunization clinics, increases in vaccine costs, and rent cost.
- Program specific receipts in the form of charges for services, and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost 78 percent of all the dollars coming into the District. General receipts in the form of subdivision revenue and unrestricted grants make up the other 22 percent.
- The Health District had \$ 889,239 in disbursements during 2007.
- Program receipts increased by \$96,232 due to the continuation of the Help Me Grow and WIC awards for a full calendar year. This program provides early childhood services and nutritional services for families in Champaign County. These restricted funds can only used to provide the Help Me Grow and WIC programs.

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 Health 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 Health District as a whole.

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than the generally accepted accounting principles. Under the Health 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.

Reporting the Health District as a Whole

The Champaign Health District is established to exercise the rights, privileges, and responsibilities conveyed to it by the constitution and laws of the State of Ohio. The Health District is directed by a five-member Board of Health that appoints a Health Commissioner as its Executive Officer. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and the issuance of health-related licenses and permits. The Health District also acts upon various complaints made by the public concerning the health and welfare of the county.

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

These statements report the Health 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 Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating.

When evaluating the Health District's financial condition, you should also consider other non-financial factors. Such as, the extent of the Health District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in in-side millage as a local revenue source.

In the statement of net assets and the statement of activities, all Health District activities are reported as governmental. State and federal grants, fees, and inside millage finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them; particularly in the personal health services division. The Health District has no business-type activities.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Reporting the District's Most Significant Funds

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

All of the Health District's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Health 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 Health District's programs. The Health 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 Health District's major Governmental funds are the General Fund, the Health Grant Fund, and the Food Service Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental Activities section of the entity-wide statements.

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2008 on a cash basis. A comparative analysis will be presented.

**(Table 1)
Net Assets**

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$187,982	\$268,673
Total Assets	<u>187,982</u>	<u>268,673</u>
Net Assets		
Restricted for:		
Restricted	108,095	104,322
Unrestricted	79,887	164,351
Total Net Assets	<u>\$187,982</u>	<u>\$268,673</u>

As mentioned previously, net assets of all governmental activities decreased by \$80,691 during 2007. The primary reasons contributing to the decrease are as follows:

- Increase in health insurance costs
- Decrease in revenue for tuberculosis and immunization clinics
- Increases in vaccine costs
- Rent

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Table 2 reflects the changes in net assets in 2007. A comparative analysis of District-wide data is presented.

**(Table 2)
Changes in Net Assets**

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$295,845	\$368,256
Operating Grants and Contributions	332,409	163,766
Total Program Receipts	<u>628,254</u>	<u>532,022</u>
General Receipts:		
Revenue from Subdivisions	168,500	168,500
State Subdivisions	11,794	11,712
Total General Receipts	<u>180,294</u>	<u>180,212</u>
Total Receipts	<u>808,548</u>	<u>712,234</u>
Disbursements:		
Environmental Health:		
Food Program	59,352	46,290
Solid Waste	24,984	3,333
Swimming Pools	2,592	2,789
Plumbing	39,677	
Sewage	63,056	
Other Environmental Health	57,720	227,110
Personal Health Services	72,952	159,710
Immunizations	27,039	30,460
Laboratory	7,810	11,046
Grants:		
WIC	122,848	15,793
Help Me Grow	82,113	29,835
Immunizations	14,866	20,824
Tobacco Use Grant	5,044	32,622
Public Health Infrastructure	96,246	95,953
Vital Statistics	9,030	8,597
Child Abuse Prevention	7,883	7,194
Administration	127,909	77,006
Travel/Training	22,279	
Other Health Expenditures	45,839	8,763
Total Disbursements	<u>889,239</u>	<u>777,325</u>
Increase (Decrease) in Net Assets	(80,691)	(65,091)
Net Assets, January 1, 2008	<u>268,673</u>	<u>333,764</u>
Net Assets, December 31, 2008	<u>\$187,982</u>	<u>\$268,673</u>

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

General receipts represent 22 percent of the Health District's total receipts, and of this amount, 94 percent are local taxes (revenue from subdivisions) provided by each municipality and township in the county. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for the Health District represent the overhead costs of running the Health District and the support services provided for the other Health District activities. These include primarily the costs of personnel and personnel support at 76 percent of total disbursements, as the primary product of the Health District is preventive health services which are labor-intensive.

Capital outlay signifies the disbursements for equipment for use in administering the Health District's services. There were no significant equipment purchases during 2007, with the total equipment purchases at only 1.2 percent of all disbursements.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The next column of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the Health District that must be used to provide a specific service.

The Net Cost (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3
Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007
Environmental Health:		
Food Program	\$ 59,352	\$ 13,705
Solid Waste	24,984	(20,919)
Swimming Pools	2,592	461
MHP/Camps	-	3,088
Plumbing	39,677	17,900
Sewage	63,056	(2,379)
Other Environmental Health	57,720	(52,640)
Personal Health Services	72,952	(54,410)
Immunizations	27,039	3,156
Laboratory	7,810	(1,315)
Grants:		
WIC	122,848	(2,423)
Heal Me Grow	82,113	9,541
Immunizations	14,866	2,678
MRC Grant	5,044	4,956
Public Health Infrastructure	96,246	(1,897)
Vital Statistics	9,030	16,729
Child Abuse Prevention	7,883	(1,774)
Administration	127,909	(127,909)
Travel/ Training	22,279	(22,279)
Other Health Expenditures	45,839	(23,213)
Total Governmental Activities	\$889,239	(\$260,985)

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

The Health District's Funds

Total Governmental funds had receipts of \$808,548 and disbursements of \$889,239. The greatest change within Governmental funds occurred within the General Fund, the balance of which decreased \$84,464; primarily from a reduction in revenue from Fines, Licenses, and Permits.

Receipts were more than disbursements in the Health Grants and Food Service Fund as the result of increases in grants and fines, licenses, and permits. The Other Remaining Funds had expenditures in excess of receipts primarily as a result in an increase in salary expense.

Budgeting Highlights

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

During 2007, the Health District amended its General and Major Special Revenue fund budgets to reflect changing circumstances. The continuation of two grants, WIC and Help Me Grow, required an Amended Certificate of Estimated Resources, as did an increase in funds available through a Medical Reserve Corp grant.

Revenues for General Fund were originally budgeted at \$363,052, amended to \$341,077, and actual revenue was \$340,271. Revenues for the Health Grant Fund were originally budgeted at \$234,329, amended to \$376,518 and actual revenue was \$321,317. This increase was primarily as a result of additional grant money. Revenues for the Food Service Fund were originally budgeted at \$65,155 amended to \$73,250 and actual revenue was \$73,057.

Disbursements for General Fund were originally budgeted at \$486,644 amended to \$463,353 and actual disbursements were \$436,516. Disbursements for the Health Grant Fund were originally budgeted at \$236,489 amended to \$343,120 and actual disbursements were \$310,018. Disbursements for the Food Service Fund were originally budgeted at \$67,155, amended to \$60,667, and actual disbursements were \$59,447. The Health District kept overall spending very close to budgeted amounts; the exception is in the General Fund where there were savings due to changes in staffing to grant programs and in the Health Grant Fund where different grant cycles (local, state fiscal and federal) cover differing fiscal years for the District.

Capital Assets

The Health District does not currently keep track of its capital assets and infrastructure. The Health District has not made plans to track this, as it is not required by current law. The Health District does not own land or other real estate at this time.

Debt

At December 31, 2007, the Health District's outstanding debt included future lease payments for the office facility and copier equipment, as well as accumulated leave balances for the Health District's employees. For further information regarding the Health District's rental lease, refer to the note 9 to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Current Issues

The challenge for all health districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Health District relies heavily on inside millage from the cities, townships, and state level grant funds; as the inside millage and the grant funds are fairly fixed we continue to struggle with the increase in operating expenses primarily in personnel costs. Without a significant change in these resources, even with conservative spending, the Health District will continue to see a decrease in financial stability. The District successfully passed a 0.4 mil levy in November 2007, this additional funding in 2008 through 2012 will assure that basic service provision can continue even with shrinkage of grant funding.

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Health District's finances and to reflect the Health 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 Shelia Hiddleston, Health Commissioner, Champaign Health District, 1512 S. US Highway 68, Suite Q100, Urbana, OH 43078.

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CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$187,982
Total Assets	<u>187,982</u>
Net Assets:	
Restricted for:	
Other Purposes	108,095
Unrestricted	79,887
Total Net Assets	<u>\$187,982</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Cash Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Environmental Health:				
Food Program	\$59,352	\$73,057		\$13,705
Solid Waste	24,984		\$4,065	(20,919)
Swimming Pools	2,592	3,053		461
MHP/ Camps		3,088		3,088
Plumbing	39,677	57,577		17,900
Sewage	63,056	60,677		(2,379)
Other Environmental Health	57,720	5,080		(52,640)
Personal Health Services	72,952	10,012	8,530	(54,410)
Immunizations	27,039	30,195		3,156
Laboratory	7,810	6,495		(1,315)
Grants:				
WIC	122,848		98,384	(24,464)
Help Me Grow	82,113		91,654	9,541
Immunizations	14,866	3,787	13,757	2,678
MRC	5,044		10,000	4,956
Public Health Infrastructure	96,246		94,349	(1,897)
Vital Statistics	9,030	25,759		16,729
Child Abuse Prevention	7,883	6,109		(1,774)
Administration	127,909			(127,909)
Travel/Training	22,279			(22,279)
Other Health Expenditures	45,839	10,956	11,670	(23,213)
Total Governmental Activities	<u>889,239</u>	<u>295,845</u>	<u>332,409</u>	<u>(260,985)</u>
General Receipts:				
				168,500
				11,794
				<u>180,294</u>
				(80,691)
				<u>268,673</u>
				<u>\$187,982</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Health Grants</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$79,887	\$43,604	\$46,656	\$17,835	\$187,982
Total Assets	<u>79,887</u>	<u>43,604</u>	<u>46,656</u>	<u>17,835</u>	<u>187,982</u>
Fund Balances:					
Reserved:					
Reserved for Encumbrances	10,395	4,767	95		15,257
Unreserved:					
General Fund	69,492				69,492
Special Revenue Funds		38,837	46,561	17,835	103,233
Total Fund Balances	<u>\$79,887</u>	<u>\$43,604</u>	<u>\$46,656</u>	<u>\$17,835</u>	<u>\$187,982</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Health Grants	Food Service	Other Governmental Funds	Total Governmental Funds
Receipts:					
State Funds	\$11,794				\$11,794
Grants:					
Local	8,530			\$4,064	12,594
State		\$71,094			71,094
Federal		245,561			245,561
Subdivisions	168,500				168,500
Fines, Licenses and Permits: Environmental	65,745		\$73,057	63,730	202,532
Nursing Fees	40,079	2,252			42,331
Medicaid/Medicare	128	1,535			1,663
Vital Statistic Fees	25,759			6,109	31,868
Charges for Services	6,495				6,495
Contracts	10,900				10,900
Donations	1,817				1,817
Reimbursements	467	875			1,342
Miscellaneous	57				57
Total Receipts	340,271	321,317	73,057	73,903	808,548
Disbursements:					
Current:					
Salaries - Employees	230,600	173,673	35,950	62,211	502,434
Sick Leave Vacation Payoff	728	1,697	893		3,318
Group Insurances	42,186	21,359	7,740	8,317	79,602
Medicare	3,264	2,490	516	884	7,154
PERS	33,051	24,057	4,978	8,660	70,746
Workers Compensation	9,305	2,089	757	841	12,992
Supplies -Office and program speciofic	5,522	21,486		310	27,318
Supplies - Postage	1,575	601		205	2,381
Supplies - Medical	3,991	50			4,041
Supplies - Vaccine	27,039				27,039
Equipment		11,165			11,165
Client Incentive/Health Promotion				25	25
Repair/Maintenance	472				472
Rent/Maintenance Building	9,864	865		1,264	11,993
Rent/Lease Equipment	3,264				3,264
Insurance Liability	3,745				3,745
Telephone	3,522	11,592		129	15,243
Audit	5,441				5,441
Advertising	600	738		462	1,800
Travel/ Training/ Dues/ Membership	23,454	10,865	2,399	4,669	41,387
Consulting/ Contracts		22,524			22,524
Refunds	1,298		627		1,925
Fees - Lab	7,810				7,810
Fees - Vital Statistics	9,030			7,883	16,913
Fees - State Remittances			5,492	2,655	8,147
Unanticipated Emergency	360				360
Total Disbursements	426,121	305,251	59,352	98,515	889,239
Excess of Receipts Over (Under) Disbursements	(85,850)	16,066	13,705	(24,612)	(80,691)
Other Financing Sources (Uses):					
Transfers In	9,386			8,000	17,386
Transfers Out	(8,000)	(9,386)			(17,386)
Total Other Financing Sources (Uses)	1,386	(9,386)		8,000	
Net Change in Fund Balances	(84,464)	6,680	13,705	(16,612)	(80,691)
Fund Balances Beginning of Year	164,351	36,924	32,951	34,447	268,673
Fund Balances End of Year	\$79,887	\$43,604	\$46,656	\$17,835	\$187,982

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
State Funds	\$11,502	\$11,502	\$11,794	\$292
Grants				
Local	8,550	8,550	8,530	(20)
Subdivisions	168,500	168,500	168,500	
Fines, Licenses and Permits: Environmental	67,400	60,800	65,745	4,945
Nursing Fees	38,000	37,700	40,079	2,379
Medicaid/Medicare	30,000	12,000	128	(11,872)
Vital Statistic Fees	26,500	23,500	25,759	2,259
Charges for Services	6,500	6,500	6,495	(5)
Donations			1,817	1,817
Reimbursements	4,100	4,025	467	(3,558)
Contracts			10,900	10,900
Miscellaneous	2,000	8,000	57	(7,943)
Total Receipts	363,052	341,077	340,271	(806)
Disbursements;				
Current:				
Salaries - Employees	250,000	250,000	230,600	19,400
Sick Leave Vacation Payoff	10,000	800	728	72
Group Insurances	53,000	43,000	42,186	814
Medicare	3,625	3,200	3,264	(64)
PERS	34,625	32,000	33,051	(1,051)
Workers Compensation	10,000	10,000	9,305	695
Supplies -Office and program speciofic	5,250	5,250	7,602	(2,352)
Supplies - Postage	1,575	1,575	1,575	
Supplies - Medical	3,150	7,150	3,991	3,159
Supplies - Vaccine	34,500	30,500	32,239	(1,739)
Equipment	1,500	1,500	1,500	
Repair/Maintenance	500	500	472	28
Rent/Maintenance Building	12,719	8,500	9,864	(1,364)
Repair/Maintenance equipment	3,600	4,000	3,264	736
Insurance Liability	4,500	3,800	3,745	55
Telephone	5,000	5,000	3,522	1,478
Advertising	500	500	600	(100)
Travel/ Training/ Dues / Membership	11,500	16,712	23,454	(6,742)
Audit Charges	3,600	8,429	5,441	2,988
Refunds	500	1,350	1,298	52
Fees - Lab	15,000	9,000	9,370	(370)
Fees - Vital Statistics	15,000	10,000	10,585	(585)
Fees - State Remittances	2,000	8,000		8,000
Unanticipated Emergency	5,000	2,587	360	2,227
Total Disbursements	486,644	463,353	436,516	26,837
Excess of Receipts (Under) Disbursements	(123,592)	(122,276)	(96,245)	26,031
Other Financing (Uses):				
Transfers In			9,386	9,386
Transfers Out			(8,000)	(8,000)
Total Other Financing (Uses)			1,386	1,386
Net Change in Fund Balance	(123,592)	(122,276)	(94,859)	27,417
Prior Year Encumbrances Appropriated	10,614	10,614	10,614	
Fund Balance Beginning of Year	153,737	153,737	153,737	
Fund Balance End of Year	\$40,759	\$42,075	\$69,492	\$27,417

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
HEALTH GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Grants:				
WIC	\$89,182	\$116,459	\$97,543	(\$18,916)
Help Me Grow	60,140	112,332	91,654	(20,678)
Immunizations	15,700	15,229	13,757	(1,472)
MRC		10,000	10,000	
Public Health Infrastructure	66,307	119,498	104,576	(14,922)
Medicaid/Medicare	1,000	1,000	1,535	535
Nursing Fees	2,000	2,000	2,252	252
Total Receipts	<u>234,329</u>	<u>376,518</u>	<u>321,317</u>	<u>(55,201)</u>
Disbursements:				
Current:				
Salaries - Employees	127,770	191,095	164,287	26,808
Sick Leave Vacation Payoff		3,049	1,697	1,352
Group Insurances	33,545	28,052	21,359	6,693
Medicare	1,853	2,758	2,490	268
PERS	17,690	26,505	24,057	2,448
Workers Compensation	8,198	4,831	2,089	2,742
Supplies - Office and program specific	2,609	20,435	23,920	(3,485)
Supplies - Postage	1,722	579	601	(22)
Equipment	2,050	11,015	11,165	(150)
Client Incentive/Health Promotion	2,500	2,128	738	1,390
Rent/Maintenance Building	3,521	4,517	865	3,652
Telephone	8,019	9,160	12,784	(3,624)
Travel/ Training/ Dues/Membership	6,265	8,435	12,057	(3,622)
Consulting/ Contracts	20,747	30,561	31,909	(1,348)
Total Disbursements	<u>236,489</u>	<u>343,120</u>	<u>310,018</u>	<u>33,102</u>
Excess of Receipts Over (Under) Disbursements	<u>(2,160)</u>	<u>33,398</u>	<u>11,299</u>	<u>(22,099)</u>
Other Financing Sources (Uses):				
Transfers Out	(9,386)		(9,386)	(9,386)
Total Other Financing Sources (Uses)	<u>(9,386)</u>		<u>(9,386)</u>	<u>(9,386)</u>
Net Change in Fund Balances	(11,546)	33,398	1,913	(31,485)
Prior Year Encumbrances Appropriated	1,221	1,221	1,221	
Fund Balance Beginning of Year	<u>35,703</u>	<u>35,703</u>	<u>35,703</u>	
Fund Balance End of Year	<u>\$25,378</u>	<u>\$70,322</u>	<u>\$38,837</u>	<u>(\$31,485)</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
FOOD SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Fines, Licenses and Permits: Environmental	\$65,155	\$73,250	\$73,057	(\$193)
Total Receipts	<u>65,155</u>	<u>73,250</u>	<u>73,057</u>	<u>(193)</u>
Disbursements:				
Current:				
Salaries - Employees	28,080	36,280	35,950	330
Sick Leave Vacation Payoff		892	893	(1)
Group Insurances	21,000	8,000	7,740	260
Medicare	407	522	516	6
PERS	3,889	5,089	4,978	111
Workers Compensation	1,123	757	757	
Equipment	156			
Travel/ Training/ Dues / Membership	2,500	2,500	2,399	101
Refunds	2,000	627	627	
State Fees	8,000	6,000	5,587	413
Total Disbursements	<u>67,155</u>	<u>60,667</u>	<u>59,447</u>	<u>1,220</u>
Excess of Receipts Over (Under) Disbursements	<u>(2,000)</u>	<u>12,583</u>	<u>13,610</u>	<u>1,027</u>
Prior Year Encumbrances Appropriated	325	325	325	
Fund Balance Beginning of Year	<u>32,626</u>	<u>32,626</u>	<u>32,626</u>	
Fund Balance End of Year	<u>\$30,951</u>	<u>\$45,534</u>	<u>\$46,561</u>	<u>\$1,027</u>

See accompanying notes to the basic financial statements.

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**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Champaign Health District, (the Health District) as a body corporate and politic.

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include prevention and control of disease, immunization clinics, public health nursing services, inspections, the issuance of health-related licenses and permits, sanitation, abatement and removal of nuisances, and emergency response planning.

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; or the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Health District, are accessible to the Health District and are significant in amount to the Health District. The Health District includes no component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and contract services rendered for a program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Health Grant Fund accounts for State, Local, and Federal grant money used to provide services to the Help Me Grow, WIC, Public Health Infrastructure, Tobacco Use and Prevention, and Immunization programs in Champaign County. These funds are predominantly for early childhood issues including nutrition, early detection and intervention. The exception is the Public Health Infrastructure funds, which are used to provide public health emergency preparedness activities for the county.

The Food Service Fund accounts for revenue received for licenses and permits for county restaurants and vendors.

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

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

D. 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 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 Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund, function, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and Health Districts within the Health District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and Health Districts within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure. The appropriation 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 Board of Health 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Health 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 budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Health District during the year.

E. Cash and Investments

The Champaign County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Champaign County Auditor, 1512 S. US Highway 68, Suite B300, Urbana, Ohio 43078, (937) 484-1555.

F. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Health District did not have advances during the year.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Fund Balance Reserves

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

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$10,395
Major Special Revenue Funds:	
Health Grant Fund	4,767
Food Service Fund	95

4. INTERGOVERNMENTAL FUNDING

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. RISK MANAGEMENT

A. Commercial Insurance

The Health District has obtained commercial insurance for the following risks:

- Employee health insurance
- Errors and omissions.

B. Risk Pool Membership

The Health 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

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

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. RISK MANAGEMENT (Continued)

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

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

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$15.9 million and \$15 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$15 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Health District's share of these unpaid claims collectible in future years is approximately \$ 4,000. 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	\$3,958
2006	3,958
2007	3,745

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. RISK MANAGEMENT (Continued)

C. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

For 2007, the Health District, through Champaign County as their fiscal agent, participated in the State of Ohio Worker's Compensation system. The Health District budgets 4% of wages to provide Workers' Compensation coverage for it's' employees.

D. Employee Medical Benefits

The Health District participates in a health insurance plan through Anthem available for all fulltime employees. The fully insured plan includes health, mental health and prescription benefits. The cost of the program for 2007 was \$79,601 compared to \$81,538 in 2006. This shows a decrease primarily due to changes in numbers of part-time versus full-time staff.

6. DEFINED BENEFIT PENSION PLANS

The Health District participates in the Ohio Public Employees Retirement System Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Heath 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. 12.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, were required to contribute 9.5 percent of their annual covered salaries. The Health District's total contribution rate to OPERS for 2007 was 13.85 percent. The portion of employer contributions, allocated to healthcare was 8.85% from January 1 through June 30, 2007 and 7.85% from July 1 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$42,448, \$39,184, and \$37,277 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

7. POST EMPLOYMENT BENEFITS

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

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

In order to qualify for post-employment healthcare 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. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007, local government employer units contributed at 13.85% of covered payroll. The portion of employer contributions for all employers allocated to health care was 5.00% for the period January 1 through June 30, 2007 and 6.00% for the period July 1 through December 31, 2007. The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS.

Benefits are advance-funded using the entry age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 %, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases.

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 % (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund other post-employment benefits were \$28,299.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. POST EMPLOYMENT BENEFITS (Continued)

The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006. The Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on actuarial cost method used, at \$30.7 billion and \$18.7 billion, respectively.

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.

8. CONTINGENT LIABILITIES

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

9. CONTRACTUAL OBLIGATIONS

The Health District is a party to a multi-year lease for rental of office space. This lease was initiated August 1, 2005 and is renewable through July 31, 2010. This lease requires the District to remit monthly payments.

10. TRANSFERS

During the year the Health District transferred \$9,386 from the Health Grants Fund into the General Fund. This transfer was based on calculations made by management that show the General Fund had paid expenses that should have been charged to the Health Grants Fund. Also during the year the General Fund transferred \$8,000 to the Other Governmental Funds to subsidize the operations of those funds.



Mary Taylor, CPA

Auditor of State

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

Champaign Health District
Champaign County
1512 S. US Highway 68
Suite Q100
Urbana, Ohio 43078

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Champaign Health District, Champaign County, (the Health District), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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. However, as described below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Health 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 Health District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

**Internal Control Over Financial Reporting
(Continued)**

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 and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency describe above as finding 2008-001 is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Health 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 that we must report under *Government Auditing Standards*.

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

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



Mary Taylor, CPA
Auditor of State

December 4, 2009

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2008-001

Material Weakness

Annual Report Presentation

The Health District should have procedures and controls in place to help assure that the annual financial statements correctly present the results of operations and to eliminate errors in the presentation. The following issues were identified in the Health District's 2008 financial statements:

- Federal grants in the amount of \$115,343 were incorrectly classified as State Grants in the PHI/MRC Fund;
- Federal grants in the amount of \$14,450 were incorrectly classified as State Grants in the Other Governmental Funds;
- Encumbrances in the amount of \$6,337 for the General Fund, \$156 for PHI/MRC Fund, \$345 in the Food Service Fund, \$635 in the Help Me Grow Fund, and \$100 in the WIC Fund, were not included in the respective Budget and Actual Statements for these Funds. The Statement of Cash Basis Assets and Fund Balances reflected these encumbrances;
- The Health District revised its fund structure to separate several cost centers previously reported within one fund into separate funds. The movement of the respective funds balances for the Help Me Grow Fund, WIC Fund, and IAP were presented as transfers instead of being restated beginning balances. This resulted in adjustments of \$1,581, \$6,598, and \$2,678, to the respective fund balances;
- The Statement of Activities reported a transfer in the amount of \$19,627 to Fiduciary Funds. This transfer should have been eliminated on the Statement of Activities since it pertained to activity within the governmental funds. The Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances had transfers in of \$19,627 to the General Fund but did not show the transfers out from the Help Me Grow Fund and the Other Governmental Funds;
- The Statement of Activities presented Contract for Services as a program receipt category. These receipts in the amount of \$878 should have been classified as Charges for Services and Sales program receipts.

The following issues were identified in the Health District's 2007 financial statements:

- Federal grants in the amount of \$58,306 were incorrectly classified as State Grants in the Health Grants Fund;
- Encumbrances in the amount of \$10,395 for the General Fund, \$4,767 for Health Grants Fund, and \$95 for the Food Service Fund, were not included in the respective Budget and Actual Statements for these Funds. The Statement of Cash Basis Assets and Fund Balances reflected these encumbrances;
- The beginning budgetary balance for the General Fund, Health Grants Fund, and Food Service Fund were overstated by \$10,671, \$623, and \$421, respectively;
- The Statement of Activities reported transfer activity between the governmental funds in the amount of \$9,386 as revenue and expenditure activity instead of eliminating the activity. The Statement of Cash Receipts, Disbursements, and Cash Basis Fund Balances reported this transfer into the General Fund as revenue instead of a transfer which caused transfers in and out not to balance.
- The Statement of Activities presented Contract for Services as a program receipt category. These receipts in the amount of \$10,900 should have been classified as Charges for Services and Sales program receipts.

**FINDING NUMBER 2008-001
(Continued)**

In addition, the Health District used specific spreadsheets to compile the financial statement information of the entity entering the amounts (including dollars and cents), then performing a "round" function on the spreadsheet in order to present whole dollar amounts. By instructing the spreadsheet to round all of the numbers, there were footing errors in the financial statements and there were discrepancies between amounts presented on various financial statements and the amounts presented in the management discussion and analysis and notes to the financial statements. There were also some updates to the Notes to the Financial Statements needed to enter current year(s) information for the OPERS and PEP.

The accompanying financial statements, notes, and management discussion and analysis have been adjusted to correctly reflect all financial activity.

The Health District should implement control and review procedures to help identify and eliminate errors in the annual financial statements. Resources such as those provided on the Auditor of State web site should be utilized to help provide guidance in financial reporting

OFFICIALS' RESPONSE:

As the issues identified in 2007 and 2008 are very similar, these will be addressed together.

Classification of Federal Grants as State Grants: There continues to be a discrepancy between how the Ohio Department of Health wants these grants classified and how the Auditor of State wants these grants classified. However, in all future annual reports all grants with a C.F.D.A. number will be classified as Federal regardless of the mechanism in which the district receives the funding.

The Statement of Activities report for 2008 which showed the transfer of \$19,627 to Fiduciary Funds was due to an uncompleted request to the County Auditor in December of 2007 for a reduction in expense related to expenditures for grant purposes.

The additional issues identified within this finding have been noted and will be corrected in future annual reports. The staff of the health district is appreciative of the explanations related to these findings, as they will help us to classify information in a more correct manner in future reports to help us maintain transparency for our community.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 & 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Finding for recovery – overpayment of termination benefits in the amount of \$151.20. The finding for recovery was repaid during the prior audit when the error was brought to the attention of health district officials.	Yes	
2006-002	Errors in annual report preparation.	No	See finding 2008-001



Mary Taylor, CPA
Auditor of State

CHAMPAIGN HEALTH DISTRICT

CHAMPAIGN 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
DECEMBER 31, 2009**