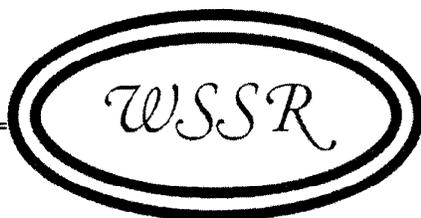


**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2010



Whited Seigneur Sams & Rabe, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Dave Yost • Auditor of State

Members of the Board of Health
Fairfield County Combined General Health District
1587 Granville Pike
Lancaster, Ohio 43130-1038

We have reviewed the *Independent Auditor's Report* of the Fairfield County Combined General Health District, Fairfield County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 25, 2011

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FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT

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FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT

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June 28, 2011

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County Combined General Health District (the District), Fairfield County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Public Health Nursing Fund, Women, Infants and Children Fund, Bioterrorism Grant Fund, and the Landfill/C & DD Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprises the District's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

As described in Note 3, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP



**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

The management discussion and analysis of the Fairfield County Combined General Health District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- For 2010, the total net assets of the District decreased \$2,324,950, which represents an 81.54% decrease from 2009.
- General revenues accounted for \$761,733 in revenue or 28.37% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,922,948 or 71.63% of total revenues of \$2,684,681.
- The District had \$3,577,074 in expenses related to governmental activities; \$1,922,948 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$761,733 were not adequate to provide for these programs. The District also posted a special item for the transfer of assets for \$1,432,557.
- The District's major funds are the general fund, the public health nursing fund, the women, infants and children fund, the bioterrorism grant fund, and the landfill/c & dd disposal fund. The general fund had \$1,092,783 in revenues and \$1,072,970 in expenditures and other financing uses. During 2010, the general fund's fund balance increased \$19,813 from \$67,273 to \$87,086.
- The public health nursing fund, a District major fund, had \$987,881 in revenues and \$1,173,795 in expenditures. During 2010, the public health nursing fund balance decreased \$185,914 from \$139,999 to a deficit balance of \$45,915.
- The women, infants and children fund, a District major fund, had \$471,572 in revenues and \$369,313 in expenditures. During 2010, the women, infants and children fund balance increased \$102,259 from a balance of \$122,932 to a fund balance of \$225,191.
- The bioterrorism grant fund, a District major fund, had \$97 in revenues and \$324,351 in expenditures. During 2010, the bioterrorism grant fund balance decreased \$324,254 from a balance of \$365,014 to a fund balance of \$40,760.
- The landfill/c & dd disposal fund, a District major fund, had \$139,992 in revenues and \$104,747 in expenditures. During 2010, the landfill/c & dd disposal fund balance increased \$35,245 from a balance of \$82,381 to a fund balance of \$117,626.

Using this Annual Financial Report

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The District's statement of net assets and statement of activities can be found on pages 12-13 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 8. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the public health nursing fund, the women, infants and children fund, the bioterrorism grant fund and landfill/c & dd disposal fund.

Governmental Funds

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

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

The District maintains a multitude of individual governmental funds. The District has segregated these funds into major funds and nonmajor funds. The District's major governmental funds are the general fund, the public health nursing fund, the women, infants and children fund, the bioterrorism grant fund, and the landfill/c & dd disposal fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 14-24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-41 of this report.

Government-wide Financial Analysis

The table below provides a summary of the District's government-wide assets, liabilities and net assets for 2010 and 2009:

	Net Assets	
	Governmental Activities	
	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current and other assets	\$ 842,383	\$ 2,057,419
Capital assets, net	<u>44,224</u>	<u>1,498,453</u>
Total assets	<u>886,607</u>	<u>3,555,872</u>
<u>Liabilities</u>		
Current liabilities	139,446	442,810
Long-term liabilities:		
Due within one year	155,621	201,232
Due in more than one year	<u>65,333</u>	<u>60,673</u>
Total liabilities	<u>360,400</u>	<u>704,715</u>
<u>Net Assets</u>		
Invested in capital assets	44,224	1,498,453
Restricted	598,616	1,437,663
Unrestricted (deficit)	<u>(116,633)</u>	<u>(84,959)</u>
Total net assets	<u>\$ 526,207</u>	<u>\$ 2,851,157</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2010, the District's assets exceeded liabilities by \$526,207.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

At year-end, capital assets represented 4.99% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Capital assets at December 31, 2010 were \$44,224. These capital assets are used to provide services to citizens and are not available for future spending. A portion of the District's net assets, \$598,616, represents resources that are subject to external restriction on how they may be used. The remaining balance of net assets is a deficit of \$116,633. During 2010, the health clinic separated from the District. The District transferred \$1,432,557 of capital assets, net to the health clinic to complete the separation.

The table below shows the changes in net assets for 2010 and 2009.

	Change in Net Assets		
	Governmental Activities 2010	Governmental Activities 2009	Percentage Change
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,008,954	\$ 1,396,394	(27.75) %
Operating grants and contributions	913,994	2,686,297	(65.98) %
General revenues:			
Property taxes	703,910	781,829	(9.97) %
Grants and entitlements	30,826	69,091	(55.38) %
Contributions and donations	5,000	305	1,539.34 %
Other	21,997	32,263	(31.82) %
Total revenues	<u>2,684,681</u>	<u>4,966,179</u>	(45.94) %
<u>Expenses</u>			
Program expenses:			
Health:			
Environmental health	561,703	872,091	(35.59) %
Community health services	1,708,300	1,765,091	(3.22) %
Health promotion and planning	488,724	686,445	(28.80) %
Administration	818,347	936,761	(12.64) %
Total expenses	<u>3,577,074</u>	<u>4,260,388</u>	(16.04) %
Increase (decrease) in net assets before special item	(892,393)	705,791	
Special item	<u>(1,432,557)</u>	<u>77,227</u>	
Change in net assets	(2,324,950)	783,018	(396.92) %
Net assets at beginning of year	<u>2,851,157</u>	<u>2,068,139</u>	37.86 %
Net assets at end of year	<u>\$ 526,207</u>	<u>\$ 2,851,157</u>	(81.54) %

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

Governmental Activities

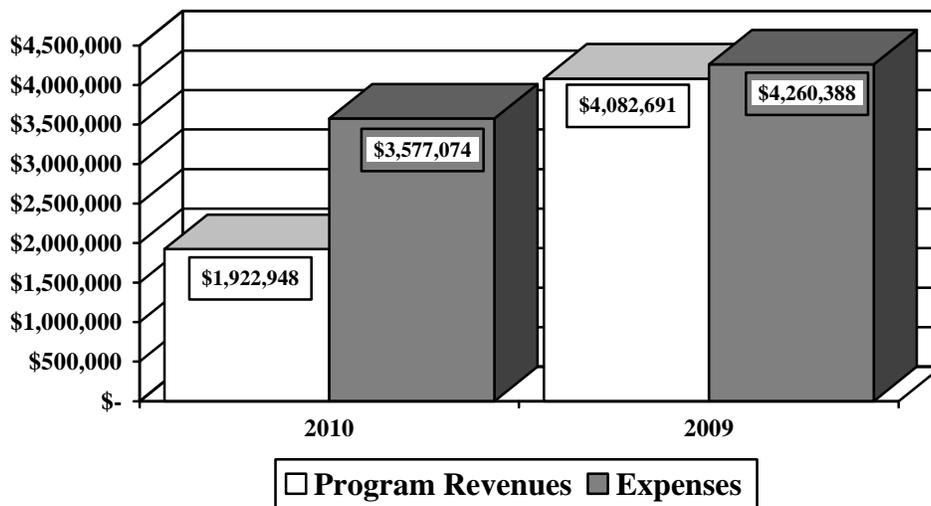
Governmental activities net assets decreased \$2,324,950 in 2010. Community health services accounted for \$1,708,300 of the total expenses of the District. Major programs in community health services include the public health clinic and women, infants, and children program services. These expenses were partially funded by \$273,580 in direct charges to users of the services. Environmental health accounted for \$561,703 of the total expenses of the district. Major programs in environmental health include food service, water system, and landfill inspections. These expenses were partially funded by \$502,150 in direct charges to users of the services.

The State and federal government contributed to the District a total of \$913,994 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$54,401 subsidized environmental health programs, \$704,456 subsidized community health services programs and \$155,137 subsidized health promotion and planning programs. The District's strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continues to be productive. Grants include Safe Communities, Bioterrorism, Ohio Tobacco Prevention, Child and Family Health Services, Family Planning (Title X), Women's Health Services and Women, Infants, and Children (WIC).

General revenues totaled \$761,733 and amounted to 28.37% of total governmental revenues. These revenues primarily consist of property tax revenue of \$703,910. The other primary source of general revenues is grants and entitlements not restricted to specific programs making up \$30,826.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities - Program Revenues vs. Total Expenses



**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

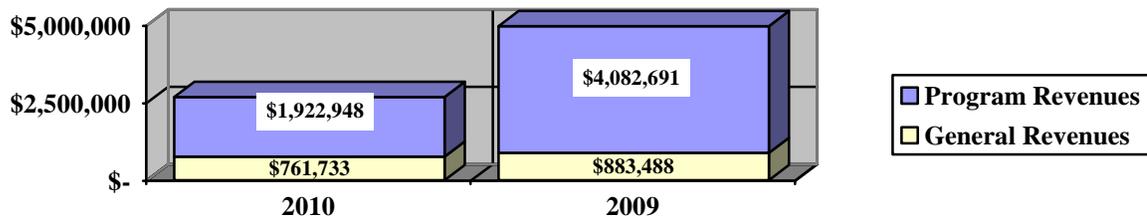
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program expenses:				
Environmental health	\$ 561,703	\$ 5,152	\$ 872,091	\$ 36,508
Community health services	1,708,300	730,264	1,765,091	(486,464)
Health promotion and planning	488,724	330,043	686,445	(36,013)
Administration	818,347	588,667	936,761	663,666
Total	\$ 3,577,074	\$ 1,654,126	\$ 4,260,388	\$ 177,697

The dependence upon operating grants and contributions for governmental activities is apparent, with 25.55% of expenses supported through operating grants and contributions.

Governmental Activities - General and Program Revenues



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The District's governmental funds (as presented on the balance sheet on pages 14 - 15) reported a combined fund balance of \$479,659 which is \$358,199 less than last year's total of \$837,858. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2010 for all major and nonmajor governmental funds.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

	Fund Balances (Deficit) 12/31/10	Fund Balances 12/31/09	Increase (Decrease)
Major fund:			
General	\$ 87,086	\$ 67,273	\$ 19,813
Public health nursing	(45,915)	139,999	(185,914)
Women, infants & children	225,191	122,932	102,259
Bioterrorism grant	40,760	365,014	(324,254)
Landfill/c & dd disposal	117,626	82,381	35,245
Other nonmajor governmental funds	<u>54,911</u>	<u>60,259</u>	<u>(5,348)</u>
Total	<u>\$ 479,659</u>	<u>\$ 837,858</u>	<u>\$ (358,199)</u>

General Fund

The District's general fund balance increased \$19,813. The table that follows assists in illustrating the revenues of the general fund.

	2010 Amount	2009 Amount	Percentage Change
<u>Revenues</u>			
Taxes	\$ 703,910	\$ 781,829	(9.97) %
Charges for services	14,845	4,267	247.90 %
Licenses and permits	331,778	555,927	(40.32) %
Intergovernmental	30,826	69,091	(55.38) %
Contributions and donations	5,000	305	1,539.34 %
Other	<u>6,424</u>	<u>14,401</u>	(55.39) %
Total	<u>\$ 1,092,783</u>	<u>\$ 1,425,820</u>	(23.36) %

Tax revenue represents 64.41% of all general fund revenue. Charges for services increased 247.90% due to an increase in the amount of charges for services being received by the District during the year. Licenses and permits decreased 40.32% due to a decrease in the vital statistics and house to house departments. Intergovernmental revenue decreased 55.38% due primarily to a decrease in the intergovernmental revenues of the administration department. All other revenue remained comparable to 2009.

The table that follows assists in illustrating the expenditures of the general fund.

	2010 Amount	2009 Amount	Percentage Change
<u>Expenditures</u>			
Environmental health	\$ 137,014	\$ 240,665	(43.07) %
Community health services	119,855	189,598	(36.78) %
Health promotion and planning	6,483	78,728	(91.77) %
Administration	<u>790,333</u>	<u>918,340</u>	(13.94) %
Total	<u>\$ 1,053,685</u>	<u>\$ 1,427,331</u>	(26.18) %

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

All expenditure functions for the District had significant changes from the prior year due mainly to improvements in the percentages used to allocate expenditures by the District in 2010. Overall, the District's expenditures decreased 26.18%, due to the separation of the health clinic and more effective cost controls by the District.

Public Health Nursing Fund

The public health nursing fund, a District major fund, had \$987,881 in revenues and \$1,173,795 in expenditures. During 2010, the public health nursing fund balance decreased \$185,914 from \$139,999 to a deficit balance of \$45,915.

Women, Infants and Children Fund

The women, infants and children fund, a District major fund, had \$471,572 in revenues and \$369,313 in expenditures. During 2010, the women, infants and children fund balance increased \$102,259 from a balance of \$122,932 to a fund balance of \$225,191.

Bioterrorism Grant Fund

The bioterrorism grant fund, a District major fund, had \$97 in revenues and \$324,351 in expenditures. During 2010, the bioterrorism grant fund balance decreased \$324,254 from a balance of \$365,014 to a fund balance of \$40,760. The decrease in fund balance is primarily a result of unspent grant revenue in 2009 being spent in fiscal year 2010.

Landfill/C & DD Disposal Fund

The landfill/c & dd disposal fund, a District major fund, had \$139,992 in revenues and \$104,747 in expenditures. During 2010, the landfill/c & dd disposal fund balance increased \$35,245 from a balance of \$82,381 to a fund balance of \$117,626.

Budgeting Highlights

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

During the course of 2010, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$1,238,466 and final budgeted revenues were \$1,238,466. Actual revenues and other financing sources for fiscal year 2010 were \$1,152,942. This represents an \$85,524 decrease from final budgeted revenues.

General fund original appropriations totaled \$1,183,110 and final appropriations and other financing uses totaled \$1,265,865. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$1,226,514, which was \$39,351 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of 2010, the District had \$44,224 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2010 balances compared to 2009:

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)

**Capital Assets at December 31
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ -	\$ 186,149
Buildings, structures and improvements	-	1,257,191
Furniture, fixtures and equipment	35,276	39,041
Vehicles	8,948	16,072
Total	\$ 44,224	\$ 1,498,453

The overall decrease in capital assets of \$1,454,229 is the result of depreciation expense of \$61,105 being greater than additions of \$38,306, and a transfer of assets of \$1,432,557 during 2010.

See Note 5 to the basic financial statements for additional information on the District's capital assets.

Economic Factors and Next Year's Budget

The Fairfield County General Health District's budget for 2011 was reduced by 36% from the 2010 budget. Several factors during calendar year 2010 accounted for this reduction. The City of Lancaster withdrew from the health department merger, changing the health department back to a general health district. The five board members appointed by Lancaster withdrew from the board, and the District Advisory Council elected five new board members in December 2010. Because Lancaster now contracts with the District, their monetary support dropped from \$295,095 in 2010 to \$247,000 in 2011. Another significant impact of this change was that the Fairfield County Commissioners are again responsible for the health department's housing, which further reduced the budget by about \$125,000.

During 2010, the former health department clinic became a 501(c)(3) organization, formally separating from the District on August 22, 2010. This action further decreased 2011 anticipated revenue by \$350,000. After the separation, the District gave up both the Women's Health and Family Planning grants, which had clinic components, another reduction of about \$125,000.

The District continues to experience a reduction in both environmental revenue and grants. In response to these reductions, the District has chosen to leave three staff vacancies unfilled. As a result of these reductions, the 2012 budget will be reduced by another 16% from the current budget.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Paulette Tiller, Fiscal Officer, 1587 Granville Pike, Lancaster, Ohio 43130, email to ptiller@co.fairfield.oh.us or by calling the District at (740) 653-4489.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities
Assets:	
Cash and cash equivalents with fiscal agent	\$ 244,559
Receivables (net of allowances for uncollectibles):	
Accounts	44,066
Intergovernmental	534,534
Prepayments	19,224
Capital assets:	
Depreciable capital assets, net	44,224
Total capital assets	44,224
 Total assets	 886,607
Liabilities:	
Accounts payable	36,541
Accrued wages and benefits	54,758
Intergovernmental payable	48,147
Long-term liabilities:	
Due within one year	155,621
Due in more than one year	65,333
 Total liabilities	 360,400
Net assets:	
Invested in capital assets	44,224
Restricted for:	
Other purposes	598,616
Unrestricted (deficit)	(116,633)
 Total net assets	 \$ 526,207

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Environmental health	\$ 561,703	\$ 502,150	\$ 54,401	\$ (5,152)
Community health services	1,708,300	273,580	704,456	(730,264)
Health promotion and planning	488,724	3,544	155,137	(330,043)
Administration	818,347	229,680	-	(588,667)
Totals	\$ 3,577,074	\$ 1,008,954	\$ 913,994	(1,654,126)
 General revenues:				
Property and other taxes levied for:				
General purposes				703,910
Grants and entitlements not restricted to specific programs				30,826
Unrestricted contributions				5,000
Miscellaneous				21,997
Total general revenues				761,733
 Special item:				
Transfer of assets				(1,432,557)
Change in net assets				(2,324,950)
Net assets at beginning of year				2,851,157
Net assets at end of year				\$ 526,207

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Public Health Nursing	Women Infants and Children
Assets:			
Cash and cash equivalents with fiscal agent . . .	\$ 47,701	\$ 7,927	\$ 20,709
Receivables:			
(net of allowance for uncollectibles)			
Accounts	13,334	21,552	-
Intergovernmental	7,035	8,722	349,466
Interfund loans	65,993	-	-
Prepayments	8,555	1,227	1,893
Total assets	\$ 142,618	\$ 39,428	\$ 372,068
Liabilities:			
Accounts payable	\$ 8,732	\$ 18,353	\$ 1,732
Accrued wages and benefits	23,116	3,892	8,666
Interfund loans payable	-	61,500	-
Intergovernmental payable	23,684	1,598	3,770
Deferred revenue	-	-	132,709
Total liabilities	55,532	85,343	146,877
Fund balances:			
Reserved for encumbrances	1,886	-	1,176
Reserved for prepayments	8,555	1,227	1,893
Unreserved, undesignated (deficit), reported in:			
General fund	76,645	-	-
Special revenue funds	-	(47,142)	222,122
Total fund balances (deficit)	87,086	(45,915)	225,191
Total liabilities and fund balances	\$ 142,618	\$ 39,428	\$ 372,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Bioterrorism Grant	Landfill C & DD Disposal	Other Governmental Funds	Total Governmental Funds
\$ 12,243	\$ 118,603	\$ 37,376	\$ 244,559
-	7,978	1,202	44,066
92,290	-	77,021	534,534
-	-	-	65,993
2,905	612	4,032	19,224
<u>\$ 107,438</u>	<u>\$ 127,193</u>	<u>\$ 119,631</u>	<u>\$ 908,376</u>
\$ 214	\$ 745	\$ 6,765	\$ 36,541
3,289	735	15,060	54,758
-	-	4,493	65,993
1,648	8,087	9,360	48,147
61,527	-	29,042	223,278
<u>66,678</u>	<u>9,567</u>	<u>64,720</u>	<u>428,717</u>
101	9,935	1,760	14,858
2,905	612	4,032	19,224
-	-	-	76,645
<u>37,754</u>	<u>107,079</u>	<u>49,119</u>	<u>368,932</u>
<u>40,760</u>	<u>117,626</u>	<u>54,911</u>	<u>479,659</u>
<u>\$ 107,438</u>	<u>\$ 127,193</u>	<u>\$ 119,631</u>	<u>\$ 908,376</u>

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**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

Total governmental fund balances	\$ 479,659
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,224
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. Intergovernmental receivables	223,278
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows: Compensated absences	<u>(220,954)</u>
Net assets of governmental activities	<u>\$ 526,207</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General</u>	<u>Public Health Nursing</u>	<u>Women Infants and Children</u>
Revenues:			
Property taxes	\$ 703,910	\$ -	\$ -
Charges for services.	14,845	255,860	-
Licenses and permits	331,778	-	-
Fines and forfeitures	-	-	-
Intergovernmental.	30,826	724,367	471,349
Contributions and donations.	5,000	-	-
Other	6,424	7,654	223
Total revenues	<u>1,092,783</u>	<u>987,881</u>	<u>471,572</u>
Expenditures:			
Current:			
Environmental health	137,014	-	-
Community health services	119,855	1,173,795	369,313
Health promotion and planning	6,483	-	-
Administration	790,333	-	-
Total expenditures	<u>1,053,685</u>	<u>1,173,795</u>	<u>369,313</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>39,098</u>	<u>(185,914)</u>	<u>102,259</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers (out).	<u>(19,285)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(19,285)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	19,813	(185,914)	102,259
Fund balances at beginning of year	<u>67,273</u>	<u>139,999</u>	<u>122,932</u>
Fund balances (deficit) at end of year	<u>\$ 87,086</u>	<u>\$ (45,915)</u>	<u>\$ 225,191</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Bioterrorism Grant	Landfill C & DD Disposal	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 703,910
-	137,287	10,838	418,830
-	2,684	254,908	589,370
-	-	754	754
-	-	271,751	1,498,293
-	-	6,860	11,860
97	21	718	15,137
97	139,992	545,829	3,238,154
-	104,747	330,449	572,210
-	-	87,131	1,750,094
324,351	-	152,882	483,716
-	-	-	790,333
324,351	104,747	570,462	3,596,353
(324,254)	35,245	(24,633)	(358,199)
-	-	19,285	19,285
-	-	-	(19,285)
-	-	19,285	-
(324,254)	35,245	(5,348)	(358,199)
365,014	82,381	60,259	837,858
\$ 40,760	\$ 117,626	\$ 54,911	\$ 479,659

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds	\$	(358,199)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 38,306	
Current year depreciation	(59,978)	
Special item - transfer of assets	(1,432,557)	
Total	(1,454,229)	(1,454,229)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental revenues		(553,473)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		40,951
Change in net assets of governmental activities	\$	(2,324,950)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 788,083	\$ 788,083	\$ 703,910	\$ (84,173)
Charges for services	12,620	12,620	16,433	3,813
Licenses and permits	358,621	358,621	359,350	729
Intergovernmental	78,942	78,942	24,511	(54,431)
Contributions and donations	-	-	5,000	5,000
Other	200	200	6,424	6,224
Total revenues	<u>1,238,466</u>	<u>1,238,466</u>	<u>1,115,628</u>	<u>(122,838)</u>
Expenditures:				
Current:				
Health:				
Environmental health	125,647	153,529	155,073	(1,544)
Community health services	221,957	198,414	181,731	16,683
Health promotion and planning	3,733	4,694	4,760	(66)
Administration	831,773	888,228	768,258	119,970
Total expenditures	<u>1,183,110</u>	<u>1,244,865</u>	<u>1,109,822</u>	<u>135,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,356</u>	<u>(6,399)</u>	<u>5,806</u>	<u>12,205</u>
Other financing sources (uses):				
Transfers out	-	(21,000)	(19,285)	1,715
Advances in	-	-	37,314	37,314
Advances out	-	-	(97,407)	(97,407)
Total other financing sources (uses)	<u>-</u>	<u>(21,000)</u>	<u>(79,378)</u>	<u>(58,378)</u>
Net change in fund balances	55,356	(27,399)	(73,572)	(46,173)
Fund balances at beginning of year	87,342	87,342	87,342	-
Prior year encumbrances appropriated . . .	13,611	13,611	13,611	-
Fund balance at end of year	<u>\$ 156,309</u>	<u>\$ 73,554</u>	<u>\$ 27,381</u>	<u>\$ (46,173)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC HEALTH NURSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services.	\$ 229,015	\$ 229,015	\$ 243,206	\$ 14,191
Intergovernmental.	353,479	1,004,987	932,905	(72,082)
Other	-	-	639	639
Total revenues	<u>582,494</u>	<u>1,234,002</u>	<u>1,176,750</u>	<u>(57,252)</u>
Expenditures:				
Current:				
Health:				
Community health services	583,582	1,285,086	1,282,224	2,862
Total expenditures	<u>583,582</u>	<u>1,285,086</u>	<u>1,282,224</u>	<u>2,862</u>
Deficiency of revenues under expenditures.	<u>(1,088)</u>	<u>(51,084)</u>	<u>(105,474)</u>	<u>(54,390)</u>
Other financing sources:				
Advances in	-	-	73,500	73,500
Advances (out)	-	-	(12,000)	(12,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>61,500</u>	<u>61,500</u>
Net change in fund balances	(1,088)	(51,084)	(43,974)	7,110
Fund balances at beginning of year	44,371	44,371	44,371	-
Prior year encumbrances appropriated	7,530	7,530	7,530	-
Fund balance at end of year	<u>\$ 50,813</u>	<u>\$ 817</u>	<u>\$ 7,927</u>	<u>\$ 7,110</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WOMEN, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 368,462	\$ 368,462	\$ 349,224	\$ (19,238)
Other	-	-	223	223
Total revenues	<u>368,462</u>	<u>368,462</u>	<u>349,447</u>	<u>(19,015)</u>
Expenditures:				
Current:				
Health:				
Community health services	368,462	396,569	396,368	201
Total expenditures	<u>368,462</u>	<u>396,569</u>	<u>396,368</u>	<u>201</u>
Net change in fund balances	-	(28,107)	(46,921)	(18,814)
Fund balances at beginning of year	62,402	62,402	62,402	-
Prior year encumbrances appropriated . . .	2,574	2,574	2,574	-
Fund balance at end of year	<u>\$ 64,976</u>	<u>\$ 36,869</u>	<u>\$ 18,055</u>	<u>\$ (18,814)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BIOTERRORISM GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 128,501	\$ 393,397	\$ 184,594	\$ (208,803)
Other	-	-	97	97
Total revenues	<u>128,501</u>	<u>393,397</u>	<u>184,691</u>	<u>(208,706)</u>
Expenditures:				
Current:				
Health:				
Health promotion and planning	128,501	503,588	292,764	210,824
Total expenditures	<u>128,501</u>	<u>503,588</u>	<u>292,764</u>	<u>210,824</u>
Net change in fund balances	-	(110,191)	(108,073)	2,118
Fund balances at beginning of year	107,626	107,626	107,626	-
Prior year encumbrances appropriated . . .	12,589	12,589	12,589	-
Fund balance at end of year	<u>\$ 120,215</u>	<u>\$ 10,024</u>	<u>\$ 12,142</u>	<u>\$ 2,118</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LANDFILL/C & DD DISPOSAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services.	\$ 130,382	\$ 78,900	\$ 136,641	\$ 57,741
Licenses and permits	60,000	60,000	60,200	200
Other	-	-	21	21
Total revenues	<u>190,382</u>	<u>138,900</u>	<u>196,862</u>	<u>57,962</u>
Expenditures:				
Current:				
Health:				
Environmental health	190,382	198,134	182,924	15,210
Total expenditures	<u>190,382</u>	<u>198,134</u>	<u>182,924</u>	<u>15,210</u>
Net change in fund balances	-	(59,234)	13,938	73,172
Fund balances at beginning of year	55,034	55,034	55,034	-
Prior year encumbrances appropriated . . .	31,506	31,506	31,506	-
Fund balance at end of year	<u>\$ 86,540</u>	<u>\$ 27,306</u>	<u>\$ 100,478</u>	<u>\$ 73,172</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 1 - DESCRIPTION OF THE HEALTH DISTRICT AND REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities unless this guidance conflicts with or contradicts GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis of Presentation and Measurement Focus

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

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

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

B. Fund Accounting

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

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

The following are the District's major governmental funds:

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

Public health nursing fund - The public health nursing special revenue fund accounts for activities related to providing public health clinic services.

Women, infants and children (WIC) fund - The WIC fund accounts for federal grant monies for the administration of the WIC program.

Bioterrorism grant fund - The bioterrorism grant special revenue fund accounts for State grant monies for bioterrorism prevention and education.

Landfill/C&DD disposal fund - The landfill/C&DD disposal fund accounts for activities related to the operation and upkeep of the landfill/construction and demolition debris facility.

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

C. Basis of Accounting

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

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

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

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

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which the service is consumed.

F. Accounts Receivable

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

G. Cash and Investments

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Useful Life</u>
Buildings, structures and improvements	70 years
Vehicles	4 - 5 years
Furniture, fixtures and equipment	5 - 12 years

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net assets restricted for other purposes are restricted by grantors and regulations of other governments.

J. Interfund Transactions and Balances

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

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

N. Use of Estimates

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. During 2010, the District transferred land and a building to the Fairfield County Commissioners upon the separation of Lancaster from the District. This transfer of assets will be presented on the financial statements as a special item (See Note 5 for further detail). The District had no extraordinary items during 2010.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at December 31, 2010 included the following individual fund deficits:

<u>Major fund</u>	<u>Fund Balance</u> <u>Deficit</u>
Public health nursing	\$ 45,915
 <u>Nonmajor funds</u>	
Water system	3,919
Injury prevention grants	868

The funds complied with Ohio State law, which does not permit a cash-basis deficit at year-end. The deficits in these funds are the result of application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - RECEIVABLES

Receivables at December 31, 2010 consisted of charges for services and intergovernmental receivables arising from grants. A summary of the items of intergovernmental and accounts receivable follows:

<u>Governmental Funds</u>	<u>Intergovernmental Receivable</u>	<u>Accounts Receivable</u>
General fund	\$ 7,035	\$ 13,334
Trailer park	-	838
Public health nursing	8,722	21,552
Food service fund	-	-
Water system fund	-	364
Women, infants and children fund	349,466	-
Maternal and child health fund	44,621	-
Bioterrorism grant fund	92,290	-
Safety grant fund	32,400	-
Landfill/C&DD disposal fund	<u>-</u>	<u>7,978</u>
Total receivables	<u>\$ 534,534</u>	<u>\$ 44,066</u>

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**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

<u>Governmental activities:</u>	Balance <u>12/31/09</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 186,149	\$ -	\$ (186,149)	\$ -
Total capital assets, not being depreciated	<u>186,149</u>	<u>-</u>	<u>(186,149)</u>	<u>-</u>
<i>Capital assets, being depreciated:</i>				
Buildings, structures and improvements	1,385,880	-	(1,385,880)	-
Furniture, fixtures and equipment	125,174	38,306	(35,427)	128,053
Vehicles	<u>160,473</u>	<u>-</u>	<u>(10,684)</u>	<u>149,789</u>
Total capital assets, being depreciated	<u>1,671,527</u>	<u>38,306</u>	<u>(1,431,991)</u>	<u>277,842</u>
<i>Less: accumulated depreciation:</i>				
Buildings, structures and improvements	(128,689)	(19,798)	148,487	-
Furniture, fixtures and equipment	(86,133)	(34,183)	27,539	(92,777)
Vehicles	<u>(144,401)</u>	<u>(7,124)</u>	<u>10,684</u>	<u>(140,841)</u>
Total accumulated depreciation	<u>(359,223)</u>	<u>(61,105)</u>	<u>186,710</u>	<u>(233,618)</u>
Total capital assets being depreciated, net	<u>1,312,304</u>	<u>(22,799)</u>	<u>(1,245,281)</u>	<u>44,224</u>
Governmental activities capital assets, net	<u>\$ 1,498,453</u>	<u>\$ (22,799)</u>	<u>\$ (1,431,430)</u>	<u>\$ 44,224</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
Environmental health	\$ 5,572
Administration	33,046
Community health	10,379
Health promotion and planning	<u>12,108</u>
Total depreciation expense - governmental activities	<u>\$ 61,105</u>

During August 2010, the Fairfield Community Health Center separated from the District. On December 28, 2010, the District transferred its land and buildings to the Fairfield County Commissioners to complete Lancaster's separation from the District. This transaction appears as a special item on the statement of activities.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - LEASING ARRANGEMENTS

The District has a three year operating lease for a copier which will expire in September of 2011. Future lease obligations are as follows:

Year Ending <u>December 31,</u>	Operating <u>Lease</u>
2011	\$ <u>1,212</u>
Total	\$ <u><u>1,212</u></u>

NOTE 7 - LONG-TERM OBLIGATIONS

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

Governmental activities:	Outstanding <u>12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding <u>12/31/10</u>	Due Within <u>One Year</u>
Compensated absences	\$ <u>261,905</u>	\$ <u>193,224</u>	\$ <u>(234,175)</u>	\$ <u>220,954</u>	\$ <u>155,621</u>

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

NOTE 8 - INTERFUND TRANSACTIONS

A. Interfund Transfers

Transfers made during the year were as follows:

<u>Transfer to</u>	Transfers <u>From</u> <u>General Fund</u>
Nonmajor governmental funds	\$ <u><u>19,285</u></u>

Transfers were made to move unrestricted balances to support various programs and projects accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund Loans

Interfund loans consisted of the following at December 31, 2010, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Public health nursing	\$ 61,500
General fund	Nonmajor governmental fund	<u>4,493</u>
Total		<u>\$ 65,993</u>

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 9 - RISK MANAGEMENT

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

The Pool's membership increased from 447 members in 2009 to 454 members in 2010.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2010, the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - RISK MANAGEMENT - (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$ 34,952,010	\$ 36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net assets	<u>\$ 20,631,198</u>	<u>\$ 21,118,036</u>

At December 31, 2010 and 2009, respectively, liabilities noted above include approximately \$12.4 million and \$13.7 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively.

These amounts will be included in future contributions from members when the related claims are due for payments. The District's share of these unpaid claims collectible in future years is approximately \$50,000. This payable includes the subsequent year's contribution due if the government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2008	\$ 31,758
2009	33,529
2010	24,139

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

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 10 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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% 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 Pension 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 within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The District's contribution rate for 2010 was 14.00%, except for those plan members in law enforcement or public safety, for whom the District's contribution was 17.87% of covered payroll.

The District's contribution rate for pension benefits for members in the Traditional Plan for 2010 was 8.50% from January 1 through February 28, 2010 and 9.00% from March 1 through December 31, 2010. The District's contribution rate for pension benefits for members in the Combined Plan for 2010 was 9.27% from January 1 through February 28, 2010 and 9.77% from March 1 through December 31, 2010. For those plan members in law enforcement and public safety pension contributions were 12.37% from January 1 through February 28, 2010 and 12.87% from March 1 through December 31, 2010. The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$170,755, \$166,196, and \$134,537, respectively; 94.59% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 11 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - 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.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. 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.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00% of covered payroll (17.87% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2010 was 5.50% from January 1 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

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. Active members do not make contributions to the post-employment healthcare plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$97,346, \$118,414, and \$134,538, respectively; 94.59% has been contributed for 2010 and 100% has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

All employees shall be entitled to sick leave in accordance with Sections 124.38 and 124.39 of the Ohio Revised Code as follows. Each employee shall be entitled to 4.03 hours of sick pay for each 70 hours of service completed. Upon retirement, an eligible employee shall be paid one-fourth of accrued, but unused sick leave credit up to a maximum of 30 days (240 hours).

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

B. Dental and Life Insurance

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general and each major special revenue fund is presented in the basic financial statements to provide a meaningful comparison of actual results compared to budgeted. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP); and,
4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

	General Fund	Public Health Nursing Fund	Women, Infants & Children Fund	Bioterrorism Grant Fund	Landfill/ C&DD Disposal
Budget basis	\$ (73,572)	\$ (43,974)	\$ (46,921)	\$ (108,073)	\$ 13,938
Net adjustment for revenue accruals	(22,845)	(188,869)	122,125	(184,594)	(56,870)
Net adjustment for expenditure accruals	42,526	100,899	24,481	(44,176)	46,671
Net adjustment for other sources/uses	60,093	(61,500)	-	-	-
Encumbrances	<u>13,611</u>	<u>7,530</u>	<u>2,574</u>	<u>12,589</u>	<u>31,506</u>
GAAP basis	<u>\$ 19,813</u>	<u>\$ (185,914)</u>	<u>\$ 102,259</u>	<u>\$ (324,254)</u>	<u>\$ 35,245</u>

The District appropriated more than its estimated resources as submitted to the county budget commission per the County Auditor's certificate dated May 24, 2010. Refer to finding 2010-003.

NOTE 14 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2010.

B. Litigation

As of December 31, 2010, the District was in litigation with the Fairfield Community Health Center over payment to OPERS for two employees of the health center who have been ruled "carry-over" employees for the District. The case was dismissed on May 20, 2011.

C. Contingent Liability

The District has pledged \$120,000, as resources allow, to the County Commissioners to assist in the payment of accounting software. The County retained \$40,000 of tax distributions in 2010 as partial payment on the pledge. The County is requesting payment on the pledge as needed rather than on a defined payment schedule.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE 14 – CONTINGENCIES - (Continued)

D. Unasserted Claims and Assessments

By letters dated January 29, 2010, and September 14, 2010, the Ohio Public Employees Retirement System (OPERS) has asserted that Fairfield County is responsible for the employer's OPERS contribution for two alleged "carry-over" employees previously employed by the Fairfield County Department of Health but who are now employed by the Fairfield Community Health Center, a 501(c)(3) corporation. The County has challenged OPERS's position regarding those alleged "carry-over" employees and is currently awaiting a decision from OPERS on that issue. The District has expensed \$11,798 in employer contributions during 2010 for the alleged "carry-over" employees.

NOTE 15 - SUBSEQUENT EVENT

On January 1, 2011, the City of Lancaster withdrew from the District. All of Lancaster's Board Members withdrew, leaving five members on the Board. The District will now officially be known as the Fairfield County General Health District.

**FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>PASS THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Health			
Special Supplemental Nutrition Program for Women, Infants and Children	02310011WA0310 & 02310011WH0310	10.557	\$ 393,715
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
ARRA- Health Center Integrated Services Development Initiative- Recovery Act Health Center Cluster Program		93.703	616,697
ARRA- Health Center Integrated Services Development Initiative- Increase Services to Health Centers		93.703	148,000
ARRA- Health Center Integrated Services Development Initiative- Capital Improvement Program		93.703	<u>104,949</u> 869,646
Passed through Ohio Department of Health			
Public Health Emergency Preparedness	02310012PH0110 & 02310012PH0211	93.069	267,860
Family Planning Services	02310011FP0209	93.217	52,336
Preventive Health and Health Services Block Grant	02310014IP0110	93.991	60,408
Maternal and Child Health Services Block Grant	02310011MC0310 & 02310011MC0411	93.994	<u>49,580</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,299,830
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Ohio Department of Public Safety			
State and Community Highway Safety	023000000364 & 2300000038500	20.600	<u>41,170</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 1,734,715</u>

SEE ACCOMPANYING NOTES

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

2. MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule.

Whited Seigneur Sams & Rahe, LLP

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Kathleen M. Alderman, CPA
Nathan C. Baldwin, CPA

June 28, 2011

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County Combined General Health District, Fairfield County, Ohio, (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2011, wherein we noted that the District implemented the provisions of Governmental Accounting Standards Board Statements No. 51, 53, and 58. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2010-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2010-2.

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

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

Respectfully submitted,
WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

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June 28, 2011

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

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

Compliance

We have audited Fairfield County Combined General Health District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

Whited Seigneur Sams & Rahe

**FAIRFIELD COUNTY
 COMBINED GENERAL HEALTH DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 § .505
 DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
Were there any material control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under §.510	No
Major Programs (list):	ARRA- Health Center Integrated Services Development Initiative, CFDA # 93.703
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	No

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505 (Continued)
DECEMBER 31, 2010**

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

Finding 2010-001 Material Weakness of Internal Controls over Financial Reporting

Condition

The following misstatements were identified in the financial statements:

- Material errors in the accrual of accounts receivable as follows:
 - General fund \$7,745
 - Public Health Nursing fund 5,891
 - Food Service fund 5,172
- Material errors in the accrual of accounts payable in the Public Health Nursing fund of \$13,025
- A return of unspent Bioterrorism grant funds of \$204,897 was recorded as a grant disbursement rather than a reduction of grant revenues. In addition to the misstatement of the financial statements that this caused, it also affected the schedule of expenditures of federal awards.
- A capital asset with a cost of \$11,269 was transferred to another entity during the year but was not removed from the depreciation schedule.

Criteria

Sound financial reporting is the responsibility of the Fiscal Officer and the District Board of Health and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Cause

Errors were made in the classification of transactions during the year and in identifying transactions for year-end accrual.

Effect

Lack or failure of controls for the conversion of cash basis records to GAAP-basis financial statements can result in errors and irregularities that may go undetected and decreases the reliability of financial data.

Recommendation

The District may want to consider expanding the conversion engagement to allow the accounting firm to prepare the underlying worksheets that generate the year-end closing adjustments.

Management Response

The Fairfield County General Health District entered into a three-year contract with the firm of Julian & Grube, Inc. to complete our GAAP conversion and financial statements for the calendar years 2009, 2010, and 2011. We will expand the conversion engagement to allow this firm to prepare the underlying worksheets that generate the year-end closing adjustments. This action will ensure that revenues, receivables, and liabilities are correctly recognized.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505 (Continued)
DECEMBER 31, 2010**

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

Finding 2010-002 Material Noncompliance with Ohio Revised Code

Condition

The District appropriated more than its estimated resources as submitted to the county budget commission per the County Auditor's certificate dated May 24, 2010. Funds identified in the certificate as noncompliant include:

General fund-	\$310,796
Food Services fund-	7,796
Family Planning fund-	1,725
Maternal & Child Health fund-	7,815

Criteria

Ohio Revised Code §3709.28 establishes budgetary requirements for General Health Districts, which are similar to certain Ohio Revised Code Chapter 5705 budgetary requirements. Appropriations should not exceed the official estimate of resources.

Cause

There was a lack of internal controls over the budgetary process.

Effect

This budgetary noncompliance could lead to the District's disbursements exceeding available resources.

Recommendation

Appropriations should be measured against available resources to ensure that the appropriations do not exceed the available resources.

Management Response

In calendar year 2010, the health department had many first time experiences. By the end of 2009, the city of Pickerington pulled out of the merger; this action meant that our revenue estimate approved in April 2008, was overstated before 2010 had even begun. The department had to return to both the District Advisory Council and the Budget Commission, in order to reduce our revenue and expense estimates. Apparently, because this was such an unusual situation, both the health department and the county auditor failed to document the change in our budget properly. The problem was exacerbated by the health commissioner saving "draft" reduction spreadsheets, which confused everyone. We're having a similar situation this year, and we have documented all of the changes clearly. Health Commissioners will not be involved in this fiscal process in the future.

**FAIRFIELD COUNTY
COMBINED GENERAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505 (Continued)
DECEMBER 31, 2010**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**Fairfield County Combined General Health District
Status of Prior Audit Findings**

**Finding 2009-001 Financial Controls over Financial Reporting
Material Weakness**

Condition

The following misstatements were identified in the financial statements:

- Fees of \$103,798 for issuance of death certificates were recorded as Charges for Services instead of Licenses and Permits, where birth certificate fees were recorded;
- ARRA grant receivable and revenue of \$317,000 in the Public Health Nursing fund was not being recognized;
- The Public Health Nursing fund overstated revenues and receivables earned by the Fairfield Community Health Center by \$68,147;
- Long term liabilities due within one year were overstated by \$32,943 due to an error in the calculation of liability due for employee vacation balances; and
- General fund expenditures were overstated by \$26,800 by not allocating a shared expense amongst various funds.

Except for the last adjustment, all of the above misstatements were created during the process of converting cash basis records to GAAP basis.

Recommendation

The District may want to consider expanding the conversion engagement to allow the accounting firm to prepare the underlying worksheets that generate the year-end closing adjustments.

Status

Not corrected. Repeated as Finding 2010-001.

**Finding 2009-002 Community Health Center Billing
Significant Deficiency**

Condition

Encounter forms are not pre-numbered. There is no internal control procedure to ensure that all encounters are billed.

The charges section of the encounter forms is typically only partially completed or not completed at all.

In a sample of sixty encounters examined, eight discrepancies (13%) were identified between services billed and the services marked on the corresponding encounter forms.

**Fairfield County Combined General Health District
Status of Prior Audit Findings (Continued)**

**Finding 2009-002 Community Health Center Billing
Significant Deficiency (Continued)**

Recommendation

All encounter forms should be sequentially pre-numbered. Management should have a control procedure to ensure that all encounters are remitted to the service organization for billing. A continuous log could be maintained that tracks the beginning and ending encounters generated each day. The log should be compared to the forms being submitted to the service organization to ensure that all encounters are being sent. Any discrepancies should be investigated and the resolution documented on the log.

A thorough inspection of each encounter form should be performed at the end of each day by the appropriate supervisor. Training should be provided as needed to staff that is responsible for preparing the encounter forms.

Status

Fully corrected.

**Finding 2009-003 Noncompliance with OMB A-133 Compliance
Suspension and Debarment**

Condition

The management of Fairfield Community Health Center did not verify that the vendor Joel Snyder Associates is not suspended or debarred by checking the *Excluded Parties List System (EPLS)*. The proposed contract was for more than \$25,000.

Recommendation

The District should search the *Excluded Parties List System (EPLS)* for a vendor for whom a contract funded by federal funds is being considered.

Status

Fully corrected.



Dave Yost • Auditor of State

FAIRFIELD COUNTY COMBINED GENERAL HEALTH DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 6, 2011**