



Mary Taylor, CPA  
Auditor of State



**PIKE COUNTY GENERAL HEALTH DISTRICT  
PIKE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Pike County General Health District  
Pike County  
14050 U.S. Route 23, North  
Waverly, Ohio 45690

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County General Health District, Pike County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County General Health District, Pike County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General and Public Health Nursing Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Independent Accountants' Report  
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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 29, 2007

**Pike County General Health District**  
**Pike County, Ohio**  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2006 and 2005*  
*Unaudited*

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This discussion and analysis of Pike County General Health District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$389,469 from 2005 to 2006.

The District's receipts are primarily from licenses, fees and permits, intergovernmental receipts, and property taxes. These receipts represent 68.1 percent of the total cash received for governmental activities during 2006. The remaining receipts are attributed to miscellaneous receipts and note proceeds.

The District's disbursements are primarily for salaries and wages, fringe benefits, and capital outlay disbursements. These disbursements represent 80.3 percent of the total cash disbursed for governmental activities during 2006. The remaining disbursements are attributed to materials and supplies and other.

Key highlights for 2005 are as follows:

Net Assets of governmental activities decreased \$637,963 from 2004 to 2005.

The District's receipts are primarily from licenses, fees and permits, intergovernmental receipts, and property taxes. These receipts represent 99.5 percent of the total cash received for governmental activities during 2005. The remaining receipts are attributed to miscellaneous receipts.

The District's disbursements are primarily for salaries and wages, fringe benefits, and capital outlay disbursements. These disbursements represent 54 percent of the total cash disbursed for governmental activities during 2005. The remaining disbursements are attributed to contract services, materials and supplies, and other.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Pike County General Health District**  
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**Basis of Accounting**

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

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

**Reporting the District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for its governmental program. Program receipts include charges paid by the recipient of the program services and for grant monies received. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how its governmental activity draws from the District's general receipts.

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

In the statement of net assets and the statement of activities, we present the District in one type of activity:

Governmental Activities – All of the District's basic services are reported here. Charges for services, operating grants and contributions, and property taxes make up the vast majority of District receipts.

**Reporting the District's Most Significant Funds**

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

Governmental Funds – All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less cash basis financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the fund financial statements. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2006, the District's major governmental funds are the General Fund, the Public Health Nursing Fund, and the Board of Health Renovation Fund. For 2005, the District's major governmental funds are the General Fund and the Public Health Nursing Fund. The programs reported in its governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**Pike County General Health District**  
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**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2006 compared to 2005 and 2004 on a cash basis:

Table 1  
Net Assets

	Governmental Activities		
	2006	2005	2004
<i>Assets</i>			
Equity in County Treasury	\$706,155	\$1,095,624	\$1,733,587
Total Assets	<u>\$706,155</u>	<u>\$1,095,624</u>	<u>\$1,733,587</u>
<i>Net Assets</i>			
Restricted	\$593,524	\$860,319	\$1,437,988
Unrestricted	112,631	235,305	295,599
Total Net Assets	<u>\$706,155</u>	<u>\$1,095,624</u>	<u>\$1,733,587</u>

Net assets of governmental activities decreased \$389,469 from 2005 to 2006. The primary reason contributing to this change in cash balance was due to building renovation costs for new offices.

Net assets of governmental activities decreased \$637,963 from 2004 to 2005. The primary reason contributing to this change in cash balance was due to the purchase of land in the amount of \$500,000.

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Table 2 reflects the changes in net assets in 2006, 2005, and 2004.

Table 2  
Change in Net Assets

	Governmental Activities		
	2006	2005	2004
<i>Receipts:</i>			
<i>Program Receipts:</i>			
Charges for Services	\$1,062,759	\$1,057,481	\$1,229,392
Operating Grants and Contributions	241,771	222,233	227,313
Capital Grants and Contributions	450,000	0	0
Total Program Receipts	<u>1,754,530</u>	<u>1,279,714</u>	<u>1,456,705</u>
<i>General Receipts:</i>			
Property Taxes	199,582	220,561	245,073
Grants and Entitlements not Restricted			
To Specific Programs	200,897	381,367	445,529
Miscellaneous	19,870	7,849	6,681
Total General Receipts	<u>420,349</u>	<u>609,777</u>	<u>697,283</u>
Total Receipts	<u>2,174,879</u>	<u>1,889,491</u>	<u>2,153,988</u>
<i>Disbursements:</i>			
<i>Current:</i>			
Health	1,941,383	1,954,444	2,013,909
Capital Outlay	622,965	573,010	29,740
Total Disbursements	<u>2,564,348</u>	<u>2,527,454</u>	<u>2,043,649</u>
<i>Net Increase (Decrease) in Net Assets</i>	(389,469)	(637,963)	110,339
<i>Net Assets, January 1</i>	<u>1,095,624</u>	<u>1,733,587</u>	<u>1,623,248</u>
<i>Net Assets, December 31</i>	<u><u>\$706,155</u></u>	<u><u>\$1,095,624</u></u>	<u><u>\$1,733,587</u></u>

Program receipts represent 80.7 percent for 2006, 67.7 percent for 2005, and 67.6 percent for 2004 of total receipts, and are primarily comprised of charges for services, and operating and capital grants and contributions.

General receipts represent 19.3 percent for 2006, 32.3 percent for 2005, and 32.4 percent for 2004 of the District's total receipts. These receipts consist of property taxes, general grant receipts, and miscellaneous receipts. The decrease to grants and entitlements is due to less grant revenue received during 2006. This decrease was supplemented by an increase in other receipts.

Disbursements consist primarily of health and capital outlay disbursements.

**Pike County General Health District**  
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**Governmental Activities**

If you look at the Statement of Activities, as referenced in the table of contents, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The next column of the Statement, entitled Program Cash Receipts, identifies amounts paid by people who are directly charged for services provided. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided from sources other than charges for services, operating grants, and capital grants. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3 for 2006, 2005, and 2004.

Table 3  
Governmental Activities

	Total Cost Of Services 2006	Net Cost Of Services 2006	Total Cost Of Services 2005	Net Cost Of Services 2005	Total Cost Of Services 2004	Net Cost Of Services 2004
Health	\$1,941,383	\$636,853	\$1,954,444	\$674,730	\$2,013,909	\$557,204
Capital Outlay	622,965	172,965	573,010	573,010	29,740	29,740
Total Disbursements	<u>\$2,564,348</u>	<u>\$809,818</u>	<u>\$2,527,454</u>	<u>\$1,247,740</u>	<u>\$2,043,649</u>	<u>\$586,944</u>

**The District's Funds**

Total receipts were \$2,174,879 and total disbursements were \$2,564,348 for 2006. Total receipts were \$1,889,491 and total disbursements were \$2,527,454 for 2005.

For 2006, the General Fund, the Public Health Nursing Fund, and the Board of Health Renovation Fund had net change in fund balances of (\$122,674), (\$256,234), and \$21,454, respectively. The most significant change in cash balance was in the Public Health Nursing fund. This was due primarily to increased salaries and wages, fringe benefits, as well as continued building renovation costs for new offices.

For 2005, the General Fund, the Public Health Nursing Fund, and the Board of Health Renovation Fund had a net change in fund balances of (\$60,294), (\$609,777), and \$32,108, respectively. The most significant change in cash balance was in the Public Health Nursing fund. This was due primarily to building renovation costs for new offices.

**General Fund Budgeting Highlights**

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

During 2006 and 2005, the Government did not amend its General Fund budget to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was significant, but this did not cause appropriations to exceed actual resources.

Final disbursements for 2006 and 2005 were budgeted at \$773,025 and \$950,990, respectively, while actual disbursements were \$705,831 and \$815,725, respectively. Although receipts failed to live up to expectations, appropriations were not reduced. The District did not spend close to the budgeted amount as demonstrated by the significant reported variance. This resulted in a decrease in fund balance of \$124,920 and \$64,849 for 2006 and 2005, respectively.

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**Pike County, Ohio**  
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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Linda Murphy, Fiscal Officer, 14050 U.S. Route 23 North, Waverly, Ohio 45690.

**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2006*

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	<u>Governmental Activities</u>
Assets	
Equity in County Treasury	<u>\$706,155</u>
Total Assets	<u><u>\$706,155</u></u>
Net Assets	
Restricted for Capital Outlay	\$21,454
Restricted for Other	572,070
Unrestricted	<u>112,631</u>
Total Net Assets	<u><u>\$706,155</u></u>

See accompanying notes to the basic financial statements

**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Current:					
Health	\$1,941,383	\$1,062,759	\$241,771		(\$636,853)
Capital Outlay	622,965	0	0	\$450,000	(172,965)
Total Governmental Activities	\$2,564,348	\$1,062,759	\$241,771	\$450,000	(809,818)
		General Receipts:			
		Property Taxes Levied for General Health District Purposes		199,582	
		Grants and Entitlements not Restricted to Specific Programs		200,897	
		Miscellaneous		19,870	
		Total General Receipts		420,349	
		Change in Net Assets		(389,469)	
		Net Assets Beginning of Year		1,095,624	
		Net Assets End of Year		\$706,155	

See accompanying notes to the basic financial statements

**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2006*

	General	Public Health Nursing	Board of Health Renovation	All Other Governmental Funds	Totals
Assets					
Equity in County Treasury	\$112,631	\$230,943	\$21,454	\$341,127	\$706,155
Total Assets	112,631	230,943	21,454	341,127	706,155
Fund Balances					
Reserved:					
Reserved for Encumbrances	2,246	27,448	6,000	3,375	39,069
Unreserved:					
Undesignated, Reported in:					
General Fund	110,385	0	0	0	110,385
Special Revenue Funds	0	203,495	0	337,752	541,247
Capital Projects Fund	0	0	15,454	0	15,454
Total Fund Balances	<u>\$112,631</u>	<u>\$230,943</u>	<u>\$21,454</u>	<u>\$341,127</u>	<u>\$706,155</u>

See accompanying notes to the basic financial statements

**Pike County Genral Health District**  
**Pike County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes*  
*in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Public Health Nursing	Board of Health Renovation	All Other Governmental Funds	Totals
<b>Receipts</b>					
Property and Other Local Taxes	\$199,582	\$0	\$0	\$0	\$199,582
Intergovernmental	200,897	0	450,000	241,771	892,668
Licenses, Fees & Permits	161,916	830,783	0	70,060	1,062,759
Miscellaneous	18,516	1,118	0	236	19,870
<b>Total Receipts</b>	<b>580,911</b>	<b>831,901</b>	<b>450,000</b>	<b>312,067</b>	<b>2,174,879</b>
<b>Disbursements</b>					
<b>Current:</b>					
<b>Health:</b>					
Salaries and Wages	382,264	476,543	0	101,797	960,604
Fringe Benefits	176,718	240,841	0	57,711	475,270
Contract Services	12,365	191,396	0	116,707	320,468
Materials and Supplies	10,929	26,359	0	7,141	44,429
Other	62,252	45,496	0	32,864	140,612
Capital Outlay	7,836	7,500	579,767	27,862	622,965
<b>Total Disbursements</b>	<b>652,364</b>	<b>988,135</b>	<b>579,767</b>	<b>344,082</b>	<b>2,564,348</b>
<b>Change in Fund Balances Before Transfers</b>	<b>(71,453)</b>	<b>(156,234)</b>	<b>(129,767)</b>	<b>(32,015)</b>	<b>(389,469)</b>
Transfers In	0	0	151,221	0	151,221
Transfers Out	(51,221)	(100,000)	0	0	(151,221)
<b>Net Change in Fund Balances</b>	<b>(122,674)</b>	<b>(256,234)</b>	<b>21,454</b>	<b>(32,015)</b>	<b>(389,469)</b>
<b>Fund Balances Beginning of Year</b>	<b>235,305</b>	<b>487,177</b>	<b>0</b>	<b>373,142</b>	<b>1,095,624</b>
<b>Fund Balances End of Year</b>	<b>\$112,631</b>	<b>\$230,943</b>	<b>\$21,454</b>	<b>\$341,127</b>	<b>\$706,155</b>

See accompanying notes to the basic financial statements



**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balances - Budget and Actual -Budgetary Basis*  
*For the Year Ended December 31, 2006*

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Receipts and Other Financing Sources	\$673,470	\$673,470	\$580,911	(\$92,559)
Disbursements and Other Financing Uses	<u>772,017</u>	<u>773,025</u>	<u>705,831</u>	<u>67,194</u>
Net Change in Fund Balance	(98,547)	(99,555)	(124,920)	(25,365)
Fund Balance Beginning of Year	230,750	230,750	230,750	0
Prior Year Encumbrances Appropriated	<u>4,555</u>	<u>4,555</u>	<u>4,555</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$136,758</u></u>	<u><u>\$135,750</u></u>	<u><u>\$110,385</u></u>	<u><u>(\$25,365)</u></u>

	Public Health Nursing Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Receipts and Other Financing Sources	\$900,000	\$900,000	\$831,901	(\$68,099)
Disbursements and Other Financing Uses	<u>1,228,694</u>	<u>1,229,750</u>	<u>1,115,583</u>	<u>114,167</u>
Net Change in Fund Balance	(328,694)	(329,750)	(283,682)	46,068
Fund Balance Beginning of Year	464,927	464,927	464,927	0
Prior Year Encumbrances Appropriated	<u>22,250</u>	<u>22,250</u>	<u>22,250</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$158,483</u></u>	<u><u>\$157,427</u></u>	<u><u>\$203,495</u></u>	<u><u>\$46,068</u></u>

See accompanying notes to the basic financial statements

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**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Net Assets - Cash Basis*  
*As of December 31, 2005*

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	<u>Governmental Activities</u>
Assets	
Equity in County Treasury	<u>\$1,095,624</u>
Total Assets	<u><u>\$1,095,624</u></u>
Net Assets	
Restricted for Other Purposes	\$860,319
Unrestricted	<u>235,305</u>
Total Net Assets	<u><u>\$1,095,624</u></u>

See accompanying notes to the basic financial statements

**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2005*

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Current:				
Health	\$1,954,444	\$1,057,481	\$222,233	(\$674,730)
Capital Outlay	<u>573,010</u>	<u>0</u>	<u>0</u>	<u>(573,010)</u>
Total Governmental Activities	<u><u>\$2,527,454</u></u>	<u><u>\$1,057,481</u></u>	<u><u>\$222,233</u></u>	<u><u>(1,247,740)</u></u>
		General Receipts:		
		Property Taxes Levied for General Health District Purposes		220,561
		Grants and Entitlements not Restricted to Specific Programs		381,367
		Miscellaneous		<u>7,849</u>
		Total General Receipts		<u>609,777</u>
		Change in Net Assets		(637,963)
		Net Assets Beginning of Year		<u>1,733,587</u>
		Net Assets End of Year		<u><u>\$1,095,624</u></u>

See accompanying notes to the basic financial statements

**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2005*

	<u>General</u>	<u>Public Health Nursing</u>	<u>All Other Governmental Funds</u>	<u>Totals</u>
Assets				
Equity in County Treasury	\$235,305	\$487,177	\$373,142	\$1,095,624
Total Assets	235,305	487,177	373,142	1,095,624
Fund Balances				
Reserved:				
Reserved for Encumbrances	4,555	22,250	5,103	31,908
Unreserved:				
Undesignated, Reported in:				
General Fund	230,750	0	0	230,750
Special Revenue Funds	0	464,927	368,039	832,966
Total Fund Balances	<u>\$235,305</u>	<u>\$487,177</u>	<u>\$373,142</u>	<u>\$1,095,624</u>

See accompanying notes to the basic financial statements

**Pike County Genral Health District**  
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*Statement of Cash Receipts, Disbursements and Changes*  
*in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Public Health Nursing	All Other Governmental Funds	Totals
Receipts				
Property and Other Local Taxes	\$220,561	\$0	\$0	\$220,561
Intergovernmental	381,367	0	222,233	603,600
Licenses, Fees & Permits	134,949	790,358	132,174	1,057,481
Miscellaneous	7,849	0	0	7,849
<b>Total Receipts</b>	<b>744,726</b>	<b>790,358</b>	<b>354,407</b>	<b>1,889,491</b>
Disbursements				
Current:				
Health:				
Salaries and Wages	489,183	406,431	87,219	982,833
Fringe Benefits	184,894	159,383	39,755	384,032
Contract Services	30,500	213,117	119,189	362,806
Materials and Supplies	10,560	26,422	1,726	38,708
Capital Outlay	7,623	511,356	54,031	573,010
Other	88,410	83,426	14,229	186,065
<b>Total Disbursements</b>	<b>811,170</b>	<b>1,400,135</b>	<b>316,149</b>	<b>2,527,454</b>
Change in Fund Balances Before Advances	(66,444)	(609,777)	38,258	(637,963)
Advances In	6,150	0	0	6,150
Advances Out	0	0	(6,150)	(6,150)
<b>Net Change in Fund Balances</b>	<b>(60,294)</b>	<b>(609,777)</b>	<b>32,108</b>	<b>(637,963)</b>
Fund Balances Beginning of Year	295,599	1,096,954	341,034	1,733,587
Fund Balances End of Year	<u>\$235,305</u>	<u>\$487,177</u>	<u>\$373,142</u>	<u>\$1,095,624</u>

See accompanying notes to the basic financial statements

**Pike County General Health District**  
**Pike County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budgetary Basis*  
*For the Year Ended December 31, 2005*

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Receipts and Other Financing Sources	\$953,470	\$953,470	\$750,876	(\$202,594)
Disbursements and Other Financing Uses	946,750	950,990	815,725	135,265
Net Change in Fund Balance	6,720	2,480	(64,849)	(67,329)
Fund Balance Beginning of Year	289,543	289,543	289,543	0
Prior Year Encumbrances Appropriated	6,056	6,056	6,056	0
Fund Balance End of Year	<u>\$302,319</u>	<u>\$298,079</u>	<u>\$230,750</u>	<u>(\$67,329)</u>

	Public Health Nursing Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Receipts and Other Financing Sources	\$900,000	\$900,000	\$790,358	(\$109,642)
Disbursements and Other Financing Uses	1,202,500	1,202,500	1,422,385	(219,885)
Net Change in Fund Balance	(302,500)	(302,500)	(632,027)	(329,527)
Fund Balance Beginning of Year	1,075,128	1,075,128	1,075,128	0
Prior Year Encumbrances Appropriated	21,826	21,826	21,826	0
Fund Balance End of Year	<u>\$794,454</u>	<u>\$794,454</u>	<u>\$464,927</u>	<u>(\$329,527)</u>

See accompanying notes to the basic financial statements

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**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**1. REPORTING ENTITY**

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

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

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

The reporting entity is composed of only the primary government. No component units or other organizations are required to be included in the financial statements of the Health District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Cash**

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. As of December 31, 2006 and 2005, the District's share of the County's Cash and Investment Pool was \$706,155 and \$1,095,624, respectively. All risks associated with deposits and investments held at the Treasurer's Office are the responsibility of Pike County.

**B. Fund Accounting**

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts.

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The following are the District's major governmental funds:

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006 and 2005*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Fund Accounting (Continued)

*General Fund*

The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund 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 Fund accounts for monies received from various licenses, fees and permits used to fund the public health nursing program.

*Board of Health Renovation Fund*

The Board of Health Renovation Fund accounts for the receipts and expenditures incurred in the construction and remodeling of the Barco/Board of Health Building.

C. Basis of Presentation

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

D. Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include all financial activities of the District.

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

E. Fund Financial Statements

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

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Basis of Accounting

The District prepares its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

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

G. Cash Receipts—Exchange and Non-exchange Transactions

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

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

H. Cash Disbursements

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

I. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006 and 2005*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

J. Capital Assets (Property, Plant and Equipment) and Depreciation

Acquisitions of capital assets are recorded as disbursements when paid. However, under the cash basis of accounting, capital assets and the related depreciation are not reported on the basic financial statements.

K. Compensated Absences (Accumulated Leave)

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

L. Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements 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. Flows of cash from one fund to another with a requirement for repayment are reported as advances in and out. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers and advances within governmental activities are eliminated.

M. Fund Balance Reserves

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

N. Net Cash Assets

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Of the Health District's \$593,524 and \$860,319 in restricted net assets as of December 31, 2006 and 2005, respectively, \$0 was restricted by enabling legislation.

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**3. INTERGOVERNMENTAL RECEIPTS**

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

**4. LEVIED TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility personal property taxes received in 2006 represent the collection of 2005 taxes. Public utility tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected in 2006 with real property taxes. Public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amount paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding itself, is accounted for through agency funds. The amount of the County's tax collections is accounting for within the applicable funds. The County records receipt of these taxes in various funds.

The full tax rate for all Health District operations for the year ended December 31, 2006, was \$1.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$277,369,040
Public Utility Personal Property	34,689,431
Tangible Personal Property	<u>40,236,030</u>
Total Property Taxes	<u>\$352,294,501</u>

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006 and 2005*

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**5. RETIREMENT SYSTEM**

**Ohio Public Employees Retirement System**

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

The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

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

The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

The 2006 and 2005 member contribution rates were 9.0% and 8.5%, respectively, for members in state and local classifications. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006 and 2005, member and employer contribution rates were consistent across all three plans.

For 2006 and 2005, the local government employer units, the rate was 13.70% and 13.55%, respectively, of covered payroll.

The District's contributions to OPERS for the years ended December 31, 2006, 2005, and 2004 were \$130,310, \$132,512, and \$150,820, respectively which were the required contributions for those years.

**6. POSTEMPLOYMENT BENEFITS**

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

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

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**6. POSTEMPLOYMENT BENEFITS (Continued)**

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2006 and 2005, local government employer units contributed at 13.70% and 13.55%, respectively, of covered payroll. In 2006 and 2005, the portion of employer contributions for all employers allocated to health care was 4.00%.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review - The assumptions and calculations below were based on OPERS' latest Actuarial Reviews performed as of December 31, 2004.

Funding Method - An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method - All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

Investment Return - The investment assumption rate for 2004 was 8.00%.

Active Employee Total Payroll - An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care - Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

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

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$38,047. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006 and 2005*

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**6. POSTEMPLOYMENT BENEFITS (Continued)**

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**7. RISK MANAGEMENT**

Risk Pool Membership

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual member are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2005 (the latest information available).

	2005	2004
Assets	\$8,219,430	\$6,685,522
Liabilities	2,748,639	2,227,808
Members' Equity	\$5,470,791	\$4,457,714

You can read the complete audited financial status for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

**8. BUDGETARY BASIS FUND BALANCES**

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents those differences for the District's Major Funds:

Fiscal Year 2006	<u>General Fund</u>	<u>Public Health Nursing Fund</u>
Budgetary Basis Fund Balances	\$110,385	\$203,495
Encumbrances	<u>2,246</u>	<u>27,448</u>
Fund Cash Balance	\$112,631	\$230,943
Fiscal Year 2005	<u>General Fund</u>	<u>Public Health Nursing Fund</u>
Budgetary Basis Fund Balances	\$230,750	\$464,927
Encumbrances	<u>4,555</u>	<u>22,250</u>
Fund Cash Balance	\$235,305	\$487,177

**9. INTERFUND ACTIVITY**

Transfers made during the year ended December 31, 2006, were as follows:

Fund	Transfer From	Transfer To
Major Funds:		
General	\$51,221	\$0
Public Health Nursing	100,000	0
Board of Health Renovation	<u>0</u>	<u>151,221</u>
Total	<u>\$151,221</u>	<u>\$151,221</u>

The transfers from the General Fund and the Public Health Nursing Fund to the Health Renovation Major Capital Project Fund is for their respective share of construction costs.

For 2005, the advance from the other governmental funds to the General Fund in the amount of \$6,150 was to repay an advance made in the prior year to cover shortages.

**10. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2006, the Health District implemented GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. GASB Statement No. 46 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets.

**Pike County General Health District**  
**Pike County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006 and 2005*

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**11. LEASE PAYABLE**

The capital lease obligation relates to making improvements to the Health District Building. The Health District entered into this lease on May 1, 2006. As part of the agreement, Pike County, as lessor, contributed \$450,000 to the Health District's Board of Health Renovation Fund, to make improvements to the Health District Building. Contractors were paid by the District as work progressed. No principal payments were made in fiscal year 2006.

The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

A summary of the District's future principal and interest requirements as of December 31, 2006 follows:

<b>Fiscal Year</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
<b><u>December 31</u></b>		
2007	\$ 40,330	\$ 14,494
2008	38,190	17,213
2009	40,100	15,510
2010	42,100	13,721
2011	44,210	11,852
2012-2015	200,070	26,771
	<hr/>	<hr/>
Totals	<u>\$ 405,000</u>	<u>\$ 99,561</u>



# Mary Taylor, CPA

Auditor of State

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

Pike County General Health District  
Pike County  
14050 U.S. Route 23, North  
Waverly, Ohio 45690

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County General Health District, Pike County, Ohio (the District), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 29, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated August 29, 2007.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 29, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

August 29, 2007

**PIKE COUNTY GENERAL HEALTH DISTRICT  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Noncompliance Citation/Significant Deficiency**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

As of December 31, 2005, expenditures and encumbrances exceeded appropriations at the fund level for the following funds:

<u>Fund Name</u>	<u>Total Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variance</u>
Public Health Nursing Fund	\$1,224,326	\$1,422,384	\$198,058
Public Health Infrastructure Fund	\$96,623	\$114,009	\$17,386
Ohio Children's Trust Implementation Fund	\$0	\$11,927	\$11,927

As of December 31, 2005, expenditures and encumbrances exceeded appropriations at the fund, function, object level for the following line items:

<u>Fund Name/ Line Item</u>	<u>Total Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variance</u>
Solid Waste Fund/ Remittance	\$45,700	\$57,500	\$11,800
Public Health Infrastructure Fund/ Equipment	\$20,326	\$54,031	\$33,705

As of December 31, 2006, expenditures and encumbrances exceeded appropriations at the fund level for the following funds:

<u>Fund Name</u>	<u>Total Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variance</u>
Immunization Action Plan Grant Fund	\$0	\$2,264	\$2,264
Second Chance Trust Fund	\$0	\$17,465	\$17,465
Ohio Children's Trust Implementation Fund	\$0	\$7,647	\$7,647
Board of Health Renovation Fund	\$0	\$585,767	\$585,767

As of December 31, 2006, expenditures and encumbrances exceeded appropriations at the fund, function, object level for the following line items:

<u>Fund Name/ Line Item</u>	<u>Total Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variance</u>
Board of Health Renovation Fund/ Contract Projects	\$0	\$574,974	\$574,974
Board of Health Renovation Fund/ Other Expense	\$0	\$4,794	\$4,794

PIKE COUNTY GENERAL HEALTH DISTRICT  
PIKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-001 (Continued)

**Noncompliance Citation/Significant Deficiency - Ohio Rev. Code Section 5705.41(B) (Continued)**

We recommend the Fiscal Officer monitor the original permanent appropriations, any amendments, as well as expenditures and encumbrances, to ensure that expenditures do not exceed appropriations.

**Officials' Response:** We did not receive a response from Officials to this finding.



**Mary Taylor, CPA**  
Auditor of State

**GENERAL HEALTH DISTRICT**

**PIKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 8, 2007**