



**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



Mary Taylor, CPA
Auditor of State

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Union County General Health District
Union County
940 London Avenue
Marysville, Ohio 43040

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Union County General Health District, Union 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 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Union County General Health District, Union 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 Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Government Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 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.

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

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

Mary Taylor, CPA
Auditor of State

October 12, 2007

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED**

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

Highlights

Key highlights for 2006 were as follows:

Net assets of governmental activities decreased \$68,897 or 2.66 percent as compared to 2005. The primary reason for the decrease in cash balance was due to contract and equipment expenditures related to a data-imaging project.

Program specific receipts in the form of charges for services and operating grants and contribution comprises the slightly larger percentage of the District's receipts, making up just over one-half of all the dollars coming into the District. General receipts in the form of property taxes and unrestricted make up the other one-half.

The Health District had \$2,759,310 in disbursements during 2006.

Key highlights for 2005 were as follows:

Net assets of governmental activities increased \$428,425 or 20 percent as compared to 2004. The primary reason for the increase in cash balance was due to higher revenues in the General Health Fund.

Program specific receipts in the form of charges for services and operating grants and contribution comprises the slightly larger percentage of the District's receipts, making up just over one-half of all the dollars coming into the District. General receipts in the form of property taxes and unrestricted make up the other one-half.

The Health District had \$2,435,403 in disbursements during 2005.

Using the Basic Financial Statements

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

Report Components

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

Fund financial statements provide a greater level of detail. Funds are created and maintained 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 balance or most activity in separate columns.

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

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

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 generally accepted accounting principles. 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 and 2005, 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 each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the 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 condition of the District's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

The statement of net assets and the statement of activities present governmental activities, which includes all the District's services. Charges for services and state and federal grants finance about half of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them. The District has no business-type activities.

Reporting the District's Most Significant Funds

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

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

Governmental Funds - 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 health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's health programs. The District's significant governmental funds are presented on the financial statements in separate column. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) The District's major governmental fund is the General Fund. The program reported in the governmental funds are closely related to those reported in the governmental activities sections of the entity wide statements.

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
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,517,077	\$ 2,585,974	\$ 2,157,549
Total Assets	2,517,077	2,585,974	2,157,549
Net Assets			
Restricted for Other Purposes	215,441	221,880	53,330
Unrestricted	2,301,636	2,364,094	2,104,219
Total Net Assets	\$ 2,517,077	\$ 2,585,974	\$ 2,157,549

As mentioned previously, net assets of governmental activities decreased \$68,897 or 2.66 percent during 2006. The primary reason for the decrease in cash balances was due to the contract and equipment expenditures related to a data-imaging project.

Also as mentioned previously, net assets of governmental activities increased \$428,425 or 20 percent during 2005. The primary reason for the increase in cash balance was due to higher revenue in the General Health Fund.

Table 2 reflects the changes in net assets in 2006 and 2005. Since the District did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented.

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$767,036	\$765,396
Operating Grants and Contributions	503,579	678,613
Total Program Receipts	<u>1,270,615</u>	<u>1,444,009</u>
General Receipts:		
Property Taxes	1,217,670	1,293,353
Grants and Entitlements	200,016	126,228
Miscellaneous	2,112	238
Total General Receipts	<u>1,419,798</u>	<u>1,419,819</u>
Total Receipts	<u>2,690,413</u>	<u>2,863,828</u>
Disbursements:		
Environmental Health:		
General Environmental Health	257,768	248,687
Food Service	98,080	85,266
Plumbing	84,191	42,930
Water	54,046	58,619
Sewage	44,578	43,235
Pools/Spas	22,279	27,784
Camps/MHP	11,544	10,657
Radon	7,064	1,637
Rabies	390	414
Personal Health:		
General Nursing	375,011	369,780
Health Education and Partnerships	350,232	310,316
Help Me Grow	290,532	282,172
Child and Family Health Services	91,453	71,297
Tobacco Cessation	89,712	65,445
Clinics	89,522	51,765
Public Health Infrastructure	210,644	237,689
Vital Statistics	57,339	50,315
Administration	392,878	339,792
General Health District	232,047	137,603
Total General Government	<u>2,759,310</u>	<u>2,435,403</u>
Increase (Decrease) in Net Assets	(68,897)	428,425
Net Assets, Beginning of Year	<u>2,585,974</u>	<u>2,157,549</u>
Net Assets, End of Year	<u><u>\$2,517,077</u></u>	<u><u>\$2,585,974</u></u>

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

In 2006, 53 percent of the District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 47 percent of the District's total receipts in year 2006. These receipts consist primarily of charges for services for birth and death certificates, food services licenses, trailer park permits, swimming pools permits, and water system permits and state and federal operating grants and donations.

In 2005, 50 percent of the District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 50 percent of the District's total receipts in year 2005. These receipts consist primarily of charges for services for birth and death certificates, food services licenses, trailer park permits, swimming pools permits, and water system permits and state and federal operating grants and donations.

Governmental Activities

If you look at the Statement of Activities for 2006 on page 10 and for 2005 on page 16, you will see that the first column lists the major disbursements of the District. The next column identifies the amount of these disbursements. In 2006, the major program disbursements for governmental activities were: general nursing and administration, which each accounted for 14 percent and 13 percent of total disbursements. In 2005, the major program disbursements for governmental activities were: general nursing and administration, which accounted for 15 percent and 14 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants and contributions received by the District that must be used to provide a specific service. 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 by local townships and municipalities, taxpayers, state subsidies, and cash balances of grant and fee programs. 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.

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

	Total Cost Of Services 2006	Net Cost of Services 2006	Total Cost Of Services 2005	Net Cost of Services 2005
Environmental Health:				
General Environmental Health	\$257,768	(\$252,429)	\$248,687	(\$243,948)
Food Service	98,080	(1,525)	85,266	9,924
Plumbing	84,191	(3,199)	42,930	26,434
Water	54,046	(2,828)	58,619	5,727
Sewage	44,578	59,146	43,235	81,736
Pools/Spas	22,279	(10,759)	27,784	(16,264)
Camps/MHP	11,544	(6,680)	10,657	(4,133)
Radon	7,064	(5,809)	1,637	(193)
Rabies	390	(390)	414	(414)
Personal Health:				
General Nursing	375,011	(372,925)	369,780	(367,584)
Health Education and Partnerships	350,232	(215,416)	310,316	(121,120)
Help Me Grow	290,532	(87,718)	282,172	(76,459)
Child and Family Health Services	91,453	3,817	71,297	44,714
Tobacco Cessation	89,712	(1,902)	65,445	880
Clinics	89,522	40,709	51,765	39,488
Public Health Infrastructure	210,644	(3,255)	237,689	107,097
Vital Statistics	57,339	(7,167)	50,315	(4,855)
Administration	392,878	(388,318)	339,792	(334,821)
General Health District	232,047	(232,047)	137,603	(137,603)
Total Expenses	<u>\$2,759,310</u>	<u>(\$1,488,695)</u>	<u>\$2,435,403</u>	<u>(\$991,394)</u>

In 2006, the District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charges rates for services that are closely related to costs. About 53 percent of health cost are supported through property taxes, unrestricted grants, and other general receipts.

In 2005, the District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charges rates for services that are closely related to costs. About 41 percent of health costs are supported through property taxes, unrestricted grants, and other general receipts.

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED
(Continued)**

The District's General Fund

In 2006, the General Fund had receipts of \$2,236,273 and disbursements of \$2,356,430. The fund balance of the General Fund decreased \$120,157 as a result of contract and equipment expenditures related to a data-imaging project.

In 2005, the General Fund had receipts of \$2,404,005 and disbursements of \$2,017,954. The fund balance of the General Fund increase \$400,603 as a result of increased grant receipts, higher tax receipts, and higher permit and license fees.

General Fund Budgeting Highlights

The District budget is prepared according to Ohio law and is abased on accounting for certain transaction on basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is General Fund.

During the course of 2006, the District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts.

During the course of 2005, the District amended its appropriations, and the budgetary statements reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts. .

Capital Assets and Debt Administration

Capital Assets

The District does not currently keep track of its capital assets and infrastructure.

Contacting the District's Financial Management

This financial report is designed to provide to provide our citizens, taxpayers, and providers with a general overview of the District's finances and to reflect the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to James A. Damask, MBA, Fiscal Officer, Union County Health Department, 940 London Avenue, Suite 1100, Marysville, Ohio 43040.

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**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Primary Government Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,517,077</u>
<i>Total Assets</i>	<u>2,517,077</u>
Net Assets	
Restricted for:	
Other Purposes	215,441
Unrestricted	<u>2,301,636</u>
<i>Total Net Assets</i>	<u>\$ 2,517,077</u>

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Environmental Health				
General Environmental Health	\$ 257,768	\$ 1,248	\$ 4,091	\$ (252,429)
Food Service	98,080	96,555	-	(1,525)
Plumbing	84,191	80,992	-	(3,199)
Water	54,046	51,218	-	(2,828)
Sewage	44,578	103,724	-	59,146
Pools/Spas	22,279	11,520	-	(10,759)
Camps/MHP	11,544	4,864	-	(6,680)
Radon	7,064	-	1,255	(5,809)
Rabies	390	-	-	(390)
Personal Health				
General Nursing	375,011	1,536	550	(372,925)
Health Education and Partnerships	350,232	200	134,616	(215,416)
Help Me Grow	290,532	201,924	890	(87,718)
Child and Family Health Services	91,453	-	95,270	3,817
Tobacco Cessation	89,712	800	87,010	(1,902)
Clinics	89,522	118,051	12,180	40,709
Public Health Infrastructure	210,644	41,561	165,828	(3,255)
Vital Statistics	57,339	49,233	939	(7,167)
Administration	392,878	3,610	950	(388,318)
General Health District	232,047	-	-	(232,047)
Total Governmental Activities	2,759,310	767,036	503,579	(1,488,695)
General Receipts				
Property Taxes Levied for				
General Health District Purposes				1,217,670
Grants and Entitlements not Restricted to				
Specific Programs				200,016
Miscellaneous				2,112
Total General Receipts				1,419,798
Change in Net Assets				(68,897)
Net Assets Beginning of Year				2,585,974
Net Assets End of Year				\$ 2,517,077

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,146,767	\$ 370,310	\$ 2,517,077
<i>Total Assets</i>	<u>2,146,767</u>	<u>370,310</u>	<u>2,517,077</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	67,342	11,102	78,444
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	2,079,425	-	2,079,425
Special Revenue Funds	-	359,208	359,208
<i>Total Fund Balances</i>	<u>\$ 2,146,767</u>	<u>\$ 370,310</u>	<u>\$ 2,517,077</u>

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 1,217,670	\$ -	\$ 1,217,670
Intergovernmental	415,278	288,318	703,596
Licenses, Fees and Permits	185,466	164,457	349,923
Charges for Services	180,216	1,000	181,216
Contractual Services	235,896	-	235,896
Miscellaneous	1,748	364	2,112
<i>Total Receipts</i>	<u>2,236,274</u>	<u>454,139</u>	<u>2,690,413</u>
Disbursements			
Current:			
Environmental Health			
General Environmental Health	257,768	-	257,768
Food Service	-	98,080	98,080
Plumbing	84,191	-	84,191
Water	-	54,046	54,046
Sewage	44,578	-	44,578
Pools/Spas	-	22,279	22,279
Camps/MHPs	-	11,544	11,544
Radon	7,064	-	7,064
Rabies	390	-	390
Personal Health			
General Nursing	375,011	-	375,011
Health Education and Partnerships	314,466	35,766	350,232
Help Me Grow	290,532	-	290,532
Child and Family Health Services	-	91,453	91,453
Tobacco Cessation	-	89,712	89,712
Clinics	89,522	-	89,522
Public Health Infrastructure	210,644	-	210,644
Vital Statistics	57,339	-	57,339
Administration	392,878	-	392,878
General Health District	<u>232,047</u>	<u>-</u>	<u>232,047</u>
<i>Total Disbursements</i>	<u>2,356,430</u>	<u>402,880</u>	<u>2,759,310</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(120,156)	51,259	(68,897)
<i>Fund Balances Beginning of Year</i>	<u>2,266,923</u>	<u>319,051</u>	<u>2,585,974</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,146,767</u>	<u>\$ 370,310</u>	<u>\$ 2,517,077</u>

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 1,251,000	\$ 1,251,000	\$ 1,217,670	\$ (33,330)
Intergovernmental	288,073	288,073	415,277	127,204
Fines, Licenses and Permits	266,000	266,000	185,466	(80,534)
Charges for Services	30,000	30,000	180,216	150,216
Contractual Services	250,000	250,000	235,896	(14,104)
Miscellaneous	-	-	1,748	1,748
<i>Total Receipts</i>	<u>2,085,073</u>	<u>2,085,073</u>	<u>2,236,273</u>	<u>151,200</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	305,090	289,886	259,018	30,868
Plumbing	104,064	101,389	94,341	7,048
Sewage	57,580	54,735	44,928	9,807
Radon	-	8,820	7,064	1,756
Rabies	650	650	390	260
Personal Health				
General Nursing	420,762	416,734	379,505	37,229
Health Education and Partnerships	322,848	336,976	321,931	15,045
Help Me Grow	314,853	315,295	294,132	21,163
Clinics	140,075	120,076	93,697	26,379
Public Health Infrastructure	238,365	256,383	217,594	38,789
Vital Statistics	61,748	65,160	63,739	1,421
Administration	510,223	468,886	396,861	72,025
General Health District	242,513	269,147	250,572	18,575
<i>Total Disbursements</i>	<u>2,718,771</u>	<u>2,704,137</u>	<u>2,423,772</u>	<u>280,365</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(633,698)</u>	<u>(619,064)</u>	<u>(187,499)</u>	<u>431,565</u>
<i>Net Change in Fund Balances</i>	(633,698)	(619,064)	(187,499)	431,565
Prior Year Encumbrances Appropriated	60,046	60,046	60,046	-
<i>Fund Balances Beginning of Year</i>	<u>2,206,877</u>	<u>2,206,877</u>	<u>2,206,877</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,633,225</u>	<u>\$ 1,647,859</u>	<u>\$ 2,079,424</u>	<u>\$ 431,565</u>

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	<u>Primary Government Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,585,974</u>
<i>Total Assets</i>	<u>2,585,974</u>
Net Assets	
Restricted for:	
Other Purposes	221,880
Unrestricted	<u>2,364,094</u>
<i>Total Net Assets</i>	<u>\$ 2,585,974</u>

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Environmental Health				
General Environmental Health	\$ 248,687	\$ 648	\$ 4,091	\$ (243,948)
Food Service	85,266	95,190	-	9,924
Plumbing	42,930	69,364	-	26,434
Water	58,619	64,346	-	5,727
Sewage	43,235	124,971	-	81,736
Pools/Spas	27,784	11,520	-	(16,264)
Camps/MHP	10,657	6,524	-	(4,133)
Radon	1,637	-	1,444	(193)
Rabies	414	-	-	(414)
Personal Health				
General Nursing	369,780	2,196	-	(367,584)
Health Education and Partnerships	310,316	7,000	182,196	(121,120)
Help Me Grow	282,172	204,963	750	(76,459)
Child and Family Health Services	71,297	-	116,011	44,714
Tobacco Cessation	65,445	-	66,325	880
Clinics	51,765	91,253	-	39,488
Public Health Infrastructure	237,689	37,897	306,889	107,097
Vital Statistics	50,315	44,553	907	(4,855)
Administration	339,792	4,971	-	(334,821)
General Health District	137,603	-	-	(137,603)
Total Governmental Activities	2,435,403	765,396	678,613	(991,394)
General Receipts				
Property Taxes Levied for				
General Health District Purposes				1,293,353
Grants and Entitlements not Restricted to				
Specific Programs				126,228
Miscellaneous				238
Total General Receipts				1,419,819
Change in Net Assets				428,425
Net Assets Beginning of Year				2,157,549
Net Assets End of Year				\$ 2,585,974

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,266,923	\$ 319,051	\$ 2,585,974
<i>Total Assets</i>	<u>2,266,923</u>	<u>319,051</u>	<u>2,585,974</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	60,046	13,505	73,551
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	2,206,877	-	2,206,877
Special Revenue Funds	-	305,546	305,546
<i>Total Fund Balances</i>	<u>\$ 2,266,923</u>	<u>\$ 319,051</u>	<u>\$ 2,585,974</u>

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 1,293,353	\$ -	\$ 1,293,353
Intergovernmental	522,425	282,317	804,742
Licenses, Fees and Permits	195,060	177,471	372,531
Charges for Services	142,203	-	142,203
Contractual Services	250,452	-	250,452
Miscellaneous	512	35	547
<i>Total Receipts</i>	<u>2,404,005</u>	<u>459,823</u>	<u>2,863,828</u>
Disbursements			
Current:			
Environmental Health			
General Environmental Health	248,687	-	248,687
Food Service	-	85,266	85,266
Plumbing	42,930	-	42,930
Water	-	58,619	58,619
Sewage	43,235	-	43,235
Pools/Spas	-	27,784	27,784
Camps/MHPs	-	10,657	10,657
Radon	1,637	-	1,637
Rabies	414	-	414
Personal Health			
General Nursing	369,780	-	369,780
Health Education and Partnerships	211,935	98,381	310,316
Help Me Grow	282,172	-	282,172
Child and Family Health Services	-	71,297	71,297
Tobacco Cessation	-	65,445	65,445
Clinics	51,765	-	51,765
Public Health Infrastructure	237,689	-	237,689
Vital Statistics	50,315	-	50,315
Administration	339,792	-	339,792
General Health District	137,603	-	137,603
<i>Total Disbursements</i>	<u>2,017,954</u>	<u>417,449</u>	<u>2,435,403</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>386,051</u>	<u>42,374</u>	<u>428,425</u>
Other Financing Sources (Uses)			
Transfers In	14,552	-	14,552
Transfers Out	-	(14,552)	(14,552)
<i>Total Other Financing Sources (Uses)</i>	<u>14,552</u>	<u>(14,552)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	400,603	27,822	428,425
<i>Fund Balances Beginning of Year</i>	<u>1,866,320</u>	<u>291,229</u>	<u>2,157,549</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,266,923</u>	<u>\$ 319,051</u>	<u>\$ 2,585,974</u>

See accompanying notes to the basic financial statements

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 1,276,000	\$ 1,276,000	\$ 1,293,353	\$ 17,353
Intergovernmental	191,500	191,500	522,425	330,925
Fines, Licenses and Permits	217,680	217,680	195,060	(22,620)
Charges for Services	28,000	28,000	142,203	114,203
Contractual Services	246,000	246,000	250,452	4,452
Miscellaneous	-	-	512	512
<i>Total Receipts</i>	<u>1,959,180</u>	<u>1,959,180</u>	<u>2,404,005</u>	<u>444,825</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	263,766	262,685	250,648	12,037
Plumbing	-	57,757	56,530	1,227
Sewage	45,650	47,592	43,460	4,132
Radon	400	4,858	1,637	3,221
Rabies	400	770	414	356
Personal Health				
General Nursing	428,333	388,126	371,707	16,419
Health Education and Partnerships	253,495	224,298	217,928	6,370
Help Me Grow	290,275	297,402	286,197	11,205
Clinics	78,681	71,729	54,770	16,959
Public Health Infrastructure	210,942	255,036	250,653	4,383
Vital Statistics	53,023	58,018	55,556	2,462
Administration	482,086	422,118	344,302	77,816
General Health District	135,312	151,974	144,198	7,776
<i>Total Disbursements</i>	<u>2,242,363</u>	<u>2,242,363</u>	<u>2,078,000</u>	<u>164,363</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(283,183)</u>	<u>(283,183)</u>	<u>326,005</u>	<u>609,188</u>
Other Financing Sources (Uses)				
Transfers In	-	-	14,552	14,552
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>14,552</u>	<u>14,552</u>
<i>Net Change in Fund Balances</i>	(283,183)	(283,183)	340,557	623,740
Prior Year Encumbrances Appropriated	40,972	40,972	40,972	-
<i>Fund Balances Beginning of Year</i>	<u>1,825,348</u>	<u>1,825,348</u>	<u>1,825,348</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,583,137</u>	<u>\$ 1,583,137</u>	<u>\$ 2,206,877</u>	<u>\$ 623,740</u>

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Union County, Ohio (the District) as a body corporate and politic. A seven-member Board of Health appointed by the District Advisory Council and the City of Marysville governs the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and the issuance of health-related licenses and permits.

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

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related license and permits, and emergency response planning.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2C, 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. In the government-wide financial statements, Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following are the more significant of the District's accounting policies.

A. Basis of Presentation

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.

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 District. The activities of the District are considered governmental.

Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in a separate fund 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 fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the District's funds are governmental.

Governmental Funds

The District classifies funds financed primarily from intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The District's major governmental fund is the General Fund. The General Fund is used to account 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. The other governmental funds of the District account for grants and other resources whose use is restricted for a particular purpose.

C. Basis of Accounting

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

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (continued)

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Board of Health may appropriate. The appropriation resolution is the County Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Board of Health. The legal level of control has been established by the County Board of Health at the object level for all funds.

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

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

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

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

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

As required by the Ohio Revised Code, the Union County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount. Deposits and investments disburse for the County as a whole may be obtained from the County, 233 West Sixth Street, Marysville, Ohio 43040.

F. Restricted Assets

Assets are reported as restricted when limitation on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provision or enabling legislation.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Net Assets

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. Net assets restricted for other purposes primarily include resources restricted by grant agreements.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfer are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

O. 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 and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for outstanding encumbrances at year end.

Note 3 - Change in Basis of Accounting

In 2004, the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2005, the District has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2005 (budgetary basis) amounted to \$60,046 for the general fund. The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$67,342 for the general fund.

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2006, 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 semiannual. 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 payments dates to be established.

Public utility personal property taxes received in 2005 represent the collection of 2004 taxes. Public utility tangible personal property taxes received in 2005 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected in 2005 with real property taxes. 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, 2004, were levied after October 1, 2005, and are collected in 2006 with real property taxes. Public utility tangible personal property is currently assessed at vary percentage 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 tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Amounts paid by multi-county taxes 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 taxes on behalf of all taxing district within the County. The County Auditor periodically remits to the taxing district their portion of the taxes collected. The collection and distribution of taxes for all subdivision within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collection is accounted for within the applicable funds.

The full tax rate for all District operation for the year ended December 31, 2005 and December 31, 2006 was for \$1.25 per \$1,000 of assessed value. The assessed values of real property, public utility, and tangible personal property upon which the 2005 and 2006 property tax receipts were are as follows:

	Tax Year 2006	Tax Year 2005
Real Property:		
Agriculture	\$122,652,230	\$119,556,800
Residential	645,853,200	612,524,240
Commercial/Industrial/Mineral	216,287,720	203,806,040
Public Utility Property:		
Real	282,630	294,270
Personal	54,529,490	54,012,090
Tangible Personal Property	176,942,354	238,719,940
Total Assessed Value	1,216,547,624	1,228,913,380

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 6 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risk up to \$250,000 per occurrence, including claim adjustment expense. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expense. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. District can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

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

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrences. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurance values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

Financial Position

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

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 6 - Risk Management (Continued)

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$26,282. This payable includes the subsequent year's contribution due if the District 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>	
2004	\$9,542
2005	\$10,251
2006	\$16,031

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

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 7 - Defined Benefit Pension Plans

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries. The District's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations for the year ended December 31, 2006, 2005, and 2004 were \$210,016, \$188,351, and \$174,773 respectively; 94.76 has been contributed for 2006 and 100 percent for 2005 and 2004.

Note 8 - Postemployment Benefits

The OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal 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 6.5 percent, an annual increase in active employee total payroll of 4 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 premium were assumed to increase at the projected wage inflation rate plus an additional factors ranging from 0.50% to 6% for the next 9 years. After that time, health care costs were assumed to increase 4%

All investments are carried at market. 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% corridor.

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

Note 8 - Postemployment Benefits (Continued)

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 2005 which were used to fund postemployment benefits were \$18,392. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. In addition, OPERS has created a separate investment pool for health care assets. Also, member employer contribution rates increased January 1, 2006 and January 1, 2007, allowing additional funds to be allocated to the health care plan.

Note 9 -Building Lease

The District's leases office space a under noncancelable lease. The District's disbursed \$102,663 to pay lease costs for the year ended December 31, 2005 and December 31, 2006 respectively. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2007	\$102,663
2008	102,663
2009	102,663
2010	102,663
2011-2015	513,315
Total	<u>923,967</u>

Note 10 – Interfund Transfers

During 2005 the following transfers were made:

Transfer from Other Governmental Funds:	
General Fund	\$14,552
Total Transfers from the Other Gov't Funds	<u>14,552</u>

Note 11 – Contingent Liabilities

The District is not currently involved in any lawsuits.

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



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

Union County General Health District
Union County
940 London Avenue
Marysville, Ohio 43040

To the Members of the Board:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Union County General Health District, Union 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 October 12, 2007, wherein we noted the District revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34. 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 weakness. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

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 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. However, of the significant deficiencies described above, we believe finding number 2006-002 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated October 12, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatements, we tested its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statements 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 matters 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 October 12, 2007.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

October 12, 2007

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

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

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

Finding Number	2006-001
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Non-compliance and Significant Deficiency

Ohio Rev. Code § 9.38 states that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars.

If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited

Deposits were not made on the business day following the day of receipt in thirty percent of licenses, permits, & other fees and charges for services receipts tested. In these instances, receipts were held for up to four days prior to being deposited. Currently, the District does not have a policy to document the time frame in which collections can be held in a safe at the District until the deposit can be made.

We recommend the District deposit all receipts collected by the following business day. The District should also consider adopting a policy whereby receipts are deposited less often if the daily receipts are less than one thousand dollars, provided the moneys are properly safeguarded until such time of deposit

Officials' Response:

We will adopt a policy, as recommended, for deposits under one thousand dollars. Such a policy will address a significant percentage of the deposits in question. The moneys would be safeguarded until such time of deposit. We will also implement additional internal controls and procedures as necessary.

Finding Number	2006-002
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Significant Deficiency and Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provides to the readers of the financial statements is complete and accurate.

The following audit adjustments and reclassifications were made to the December 31, 2006 and December 31, 2005 financial statements:

**UNION COUNTY GENERAL HEALTH DISTRICT
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 and 2005
(Continued)**

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

Finding Number	2006-002 (Continued)
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Significant Deficiency and Material Weakness (Continued)

1. In the General Fund two reclassifications of \$235,896 and \$250,452 in 2006 and 2005, respectfully, were made to properly account for receipts collected by the District as a result of agreed upon contracts with other government entities as contractual services receipts rather than intergovernmental receipts.. In addition a reclassification was made to properly report these receipts as charges for services program revenues.
2. In the Other Governmental Fund two reclassifications of \$43,511 and \$54,117 in 2006 and 2005, respectfully were made to properly reflect Medicaid receipts as intergovernmental receipts rather than charges for services receipts. In addition, a reclassification was made to properly report these receipts as operating grants and contributions program revenues.
3. On the Statement of Receipts, Disbursements, and Changes in Fund Balance-Budget and Actual-Budget Basis for the General Fund two reclassifications of \$250,000 and \$246,000 in 2006 and 2005, respectfully were made to properly classify estimated contractual receipts from intergovernmental receipts.
4. On the Statement of Receipts, Disbursements, and Changes in Fund Balance-Budget and Actual-Budget Basis for the General Fund adjustments were made in the amount of \$67,342 in 2006 and \$60,046 in 2005 to properly report outstanding encumbrances as actual budgetary disbursements.
5. On the Statement of Receipts, Disbursements, and Changes in Fund Balance-Budget and Actual-Budget Basis for the General Fund adjustments were made in the amount of \$118,250 in 2006 and \$107,250 in 2005 to properly classify receipts to agree to the amounts reported on the District's Certificate of Estimated Resources.
6. In 2005 on the statement of activities an adjustment was made in the amount of \$3,234 to properly classify Help Me Grow disbursements that were improperly recorded as clinic disbursements.

The following audit adjustment and reclassification were inconsequential to the overall financial to the overall financial statements of the District and were not posted to the December 31, 2006 and December 31, 2005 financial statements:

1. Adjustments to report tax receipts at gross rather than net of auditors and treasurer's fees.
2. A reclassification to properly reflect the BWC refund as program revenue rather than miscellaneous revenue for December 31, 2006.

To ensure the District's financial statements and notes to the statements are complete and accurate the District should adopt policies and procedures, including a final review of the financial statements and note disclosures by the fiscal officer and the governing board, to identify and correct errors and omissions.

Officials' Response:

We have been made aware of the recommended classifications of revenues and will alter our statements accordingly for the next audit.



Mary Taylor, CPA
Auditor of State

GENERAL HEALTH DISTRICT

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 6, 2007**