

SUMMIT COUNTY GENERAL HEALTH DISTRICT

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
Summit County General Health District
1100 Graham Road Circle
Stow, Ohio 44224

We have reviewed the *Independent Auditor's Report* of the Summit County General Health District, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 2, 2007

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**SUMMIT COUNTY GENERAL HEALTH DISTRICT
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006**

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**SUMMIT COUNTY GENERAL HEALTH DISTRICT
APPOINTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2006**

APPOINTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Jeffrey Snell, J.D.	Board President	04/01/06 - 03/31/10			
Lewis Debevec, Jr.	Board Member	01/01/03 - 12/31/06			
Kristine Gill, Ph D, R.N.	Board Member	01/01/06 - 12/31/09			
Douglas Hasbrouck	Board Member	01/01/03 - 12/31/06			
Jay Williamson, M.D.	Board Member	01/01/06 - 12/31/09			
Peggy Burns	Board Member	03/01/05 - 03/31/09			
Gale Betterly, Ph D.	Board Member	03/01/03 - 03/31/07			
G. Kolaczewski, M.D.	Board Member	12/31/03 - 12/31/07			
Lawrence Halpin	Board Member	12/31/03 - 12/31/07			
Lynn Clark, J.D.	Board Member	03/01/04 - 03/31/08			
Pat Lachowski	Board Member	01/01/05 - 12/31/08			
Mike Haught	Board Member	03/01/04 - 03/31/06			
Alexsandra Mamonis, M.D.	Board Member	01/01/04 - 12/31/07			
Martha Allen	Board Member	01/01/06 - 12/31/09			

ADMINISTRATIVE PERSONNEL

Gene Nixon, R.S., M.P.A.	Health Commissioner	04/01/05 - 03/31/07	(A)	\$2,000,000	(B)
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Statutory Legal Counsel

Sherri Bevan Walsh, Prosecutor
County of Summit
53 University Avenue
Akron, Ohio 44308

(A) Public Entities Pool of Ohio

(B) Concurrent with Contract

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136
Accountants

Ohio Society of Certified Public

INDEPENDENT AUDITOR'S REPORT

Board of Health
Summit County General Health District
Summit County
1100 Graham Circle
Stow, Ohio 44224

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County General Health District (the District) as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Summit County General Health District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County General Health District, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Women, Infants and Children, Child and Family Services, and Healthy Community Access funds, thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2007, on our consideration of the Summit County General Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Summit County General Health District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Summit County General Health District. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

James G. Zupka, CPA, Inc.
Certified Public Accountants

April 4, 2007

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)**

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

Financial Highlights

Key financial highlights for the year 2006 are as follows:

- The assets of the Health District exceeded liabilities at the close of the year ended December 31, 2006 by \$1,117,990 (net assets). Of this amount, \$977,904 may be used to meet the Health District's ongoing obligations to citizens and creditors.
- The Health District's total net assets decreased \$234,220, which represents a decrease of 17 percent from 2005. This decrease is mainly attributable to the timing of various grant reimbursements.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise 62 percent of the Health District's receipts. General receipts in the form of property taxes and unrestricted grants make up the other 38 percent.
- The Health District had \$8.3 million in expenses related to governmental activities in 2006; only \$5 million of these expenses were offset by program specific charges and operating grants and contributions. General Revenues (primarily taxes) of \$3 million together with assets on hand at the beginning of the year were not adequate to provide for these programs.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.5 million or 29 percent of total general fund expenditures.

Using the Basis Financial Statements

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District Board of Health as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a modified cash basis of accounting.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)**

The Statement of Net Assets - Modified Cash Basis and Statement of Activities - Modified Cash Basis provide information about the activities of the whole Health District, presenting both an aggregate view of the Health District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

As a result of using the modified 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 in the use of the modified cash basis of accounting.

Reporting the Health District as a Whole

The statement of net assets and the statement of activities reflect how the Health District did financially during 2006, within the limitations of the modified cash basis of accounting. The Statement of Net Assets - Modified Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities - Modified Cash Basis compares disbursements with program receipts for each government activity. Program receipts include charges paid by the receipt 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 disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)**

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

In the Statement of Net Assets - Modified Cash Basis and the Statement of Activities - Modified Cash Basis, the Health District's major programs are reported. Charges for services and state and federal grants finance most of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

Reporting the Health District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Health District's major funds - not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that 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 Health District are governmental.

Governmental Funds - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health 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 Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. 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. The Health District's major governmental funds are the General Fund and the Women, Infants and Children, Child and Family Health Services and Healthy Communities Access Funds.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)**

THE HEALTH DISTRICT AS A WHOLE

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

Table 1 Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 1,117,990	\$ 1,352,210
Interfund Receivable	<u>0</u>	<u>267,751</u>
Total Assets	<u>1,117,990</u>	<u>1,619,961</u>
<u>Liabilities</u>		
Interfund Payable	<u>0</u>	<u>267,751</u>
Total Liabilities	<u>0</u>	<u>267,751</u>
<u>Net Assets</u>		
Restricted for Other Purposes	140,086	407,470
Unrestricted	<u>977,904</u>	<u>944,740</u>
Total Net Assets	<u>\$1,117,990</u>	<u>\$1,352,210</u>

As mentioned previously, net assets decreased \$234,220. The decrease is due primarily to timing of reimbursement for various federal grants.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)**

Table 2 reflects the changes in net assets in 2006.

Table 2 - Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
<u>Receipts</u>		
Program Cash Receipts:		
Charges for Services	\$ 2,521,667	\$ 2,720,386
Operating Grants and Contributions	<u>2,499,081</u>	<u>2,699,990</u>
Total Program Cash Receipts	<u>5,020,748</u>	<u>5,420,376</u>
General Receipts:		
Property Taxes	2,816,090	2,742,055
State Subsidy	86,605	85,051
Miscellaneous	112,513	121,538
Intergovernmental	<u>0</u>	<u>267,751</u>
Total General Receipts	<u>3,015,208</u>	<u>3,216,395</u>
Total Receipts	<u>8,035,956</u>	<u>8,636,771</u>
<u>Disbursements</u>		
Environmental Health	1,583,557	1,426,719
Nursing Services	3,572,899	3,923,915
Community Health Services	1,099,580	956,083
Administration	<u>2,014,140</u>	<u>1,758,724</u>
Total Disbursements	<u>8,270,176</u>	<u>8,065,441</u>
Increase/Decrease in Net Assets	(234,220)	571,330
Net Assets January 1, 2006	<u>1,352,210</u>	<u>780,880</u>
Net Assets December 31, 2006	<u>\$ 1,117,990</u>	<u>\$ 1,352,210</u>

In 2006, 38 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes. Program receipts accounted for 62 percent of the Health District's total receipts in year 2006. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, water system permits, clinic fees and state and federal operating grants and donations.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)**

Governmental Activities

If you look at the Statement of Activities - Modified Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for nursing services which account for 43 percent of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health 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 and state subsidies. 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.

Table 3 - Governmental Activities

	<u>Total Cost of Services 2006</u>	<u>Total Cost of Services 2005</u>	<u>Net Cost of 2006</u>	<u>Net Cost of 2005</u>
Environmental Health	\$ 1,583,557	\$ 1,426,719	\$ 316,384	\$ 242,337
Nursing Services	3,572,899	3,923,915	1,321,806	868,630
Community Health Services	1,099,580	956,083	145,473	41,510
Administration	<u>2,014,140</u>	<u>1,758,724</u>	<u>1,465,765</u>	<u>1,492,588</u>
Total Distribution	<u>\$ 8,270,176</u>	<u>\$ 8,065,441</u>	<u>\$ 3,249,428</u>	<u>\$ 2,645,065</u>

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 39 percent of health costs are supported through property taxes, unrestricted grants and other general receipts.

The Health District's Funds

The governmental funds had total receipts of \$8,035,956 and disbursements of \$8,270,176. The governmental funds had a decrease in the cash balance of \$234,220.

The fund balance of the General Fund increased \$292,963 to \$1,505,454 at year-end. This represents almost 29 percent of annual disbursements. Federal and state grant funds had disbursements that exceeded receipts by almost \$528,000. This shortfall was offset by advances in the amount of \$527,550.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)**

General Fund Budgeting Highlights

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

During the course of 2006, the Health 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. The favorable final to actual variance in Charges for Services is primarily due to higher than anticipated clinic volume and third party insurance reimbursement. The negative variance seen in Licenses, Permits and Fees is due to less than anticipated revenue in the newly established home sewage maintenance and inspection program. Increased federal fund reimbursement for costs incurred by the general fund on behalf of grant projects accounts for the favorable variance in intergovernmental receipts. The significant changes between the original and final budgeted disbursements in Administration are associated with making carry over funds, the amounts of which are not known at the time of the original appropriation, available for expenditure. Carry over funds are appropriated in Administration for contingencies, including any potential disaster response scenarios or unanticipated capital improvement needs. The significant variance seen between the final budgeted disbursements in Administration and actual disbursements can be associated with this process of budgeting for contingencies that may not and typically do not occur.

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health 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 Heather Pierce, Fiscal Administrator, Summit County General Health District, 1100 Graham Road Circle, Stow, Ohio 44224.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2006**

ASSETS

Equity in Pooled Cash and Cash Equivalents \$ 1,117,990

Total Assets 1,117,990

NET ASSETS

Restricted for:

 Other Purposes 140,086

Unrestricted 977,904

Total Net Assets \$ 1,117,990

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
<u>Governmental Activities</u>	<u>Disbursements</u>	<u>and Sales</u>	<u>Contributions</u>	<u>Activities</u>
Environmental Health	\$ 1,583,557	\$ 1,267,173	\$ 0	\$ (316,384)
Nursing Services	3,572,899	974,549	1,276,544	(1,321,806)
Community Health Services	1,099,580	4,827	949,280	(145,473)
Administration	<u>2,014,140</u>	<u>275,118</u>	<u>273,257</u>	<u>(1,465,765)</u>
Total	<u>\$ 8,270,176</u>	<u>\$ 2,521,667</u>	<u>\$ 2,499,081</u>	<u>(3,249,428)</u>
<u>General Receipts</u>				
Property Taxes				2,816,090
State Subsidy				86,605
Miscellaneous				<u>112,513</u>
Total General Receipts				<u>3,015,208</u>
Change in Net Assets				(234,220)
Net Assets Beginning of Year				<u>1,352,210</u>
Net Assets End of Year				<u>\$ 1,117,990</u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Child and Family Health Services</u>	<u>Healthy Communities Access</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 977,904	\$ 0	\$ 145	\$ 4,133	\$ 135,808	\$ 1,117,990
Interfund Receivable	<u>527,550</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>527,550</u>
Total Assets	<u>\$ 1,505,454</u>	<u>\$ 0</u>	<u>\$ 145</u>	<u>\$ 4,133</u>	<u>\$ 135,808</u>	<u>\$ 1,645,540</u>
<u>LIABILITIES</u>						
Interfund Payable	<u>\$ 0</u>	<u>\$ 184,731</u>	<u>\$ 35,000</u>	<u>\$ 0</u>	<u>\$ 307,819</u>	<u>\$ 527,550</u>
Total Liabilities	<u>0</u>	<u>184,731</u>	<u>35,000</u>	<u>0</u>	<u>307,819</u>	<u>527,550</u>
<u>FUND BALANCES</u>						
Reserved:						
Reserved for Encumbrances	9,035	0	0	0	0	9,035
Reserved for Repayment of Advances	0	184,731	35,000	0	307,819	527,550
Unreserved:						
Undesignated (Deficit), Reported In:						
General Fund	1,496,419	0	0	0	0	1,496,419
Special Revenue Funds	<u>0</u>	<u>(369,462)</u>	<u>(69,855)</u>	<u>4,133</u>	<u>(479,830)</u>	<u>(915,014)</u>
Total Fund Balances	<u>1,505,454</u>	<u>(184,731)</u>	<u>(34,855)</u>	<u>4,133</u>	<u>(172,011)</u>	<u>1,117,990</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,505,454</u>	<u>\$ 0</u>	<u>\$ 145</u>	<u>\$ 4,133</u>	<u>\$ 135,808</u>	<u>\$ 1,645,540</u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN -
MODIFIED -CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Child and Family Health Services</u>	<u>Healthy Communities Access</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts						
Property and Other Local						
Taxes	\$ 2,816,090	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,816,090
Charges for Services	1,395,387	0	0	0	4,827	1,400,214
Licenses, Permits and Fees	1,110,064	0	0	0	11,389	1,121,453
Intergovernmental	188,958	324,093	449,804	675,690	1,049,494	2,688,039
Other	10,160	0	0	0	0	10,160
Total Receipts	<u>5,520,659</u>	<u>324,093</u>	<u>449,804</u>	<u>675,690</u>	<u>1,065,710</u>	<u>8,035,956</u>
Disbursements						
Environmental Health	1,572,948	0	0	0	10,609	1,583,557
Nursing Services	2,026,381	428,425	630,271	0	487,822	3,572,899
Community Health Services	82,970	0	0	671,685	344,925	1,099,580
Administration	1,544,897	0	0	0	469,243	2,014,140
Total Disbursements	<u>5,227,196</u>	<u>428,425</u>	<u>630,271</u>	<u>671,685</u>	<u>1,312,599</u>	<u>8,270,176</u>
Excess of Receipts Over (Under) Disbursements	<u>293,463</u>	<u>(104,332)</u>	<u>(180,467)</u>	<u>4,005</u>	<u>(246,889)</u>	<u>(234,220)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	500	500
Transfers Out	(500)	0	0	0	0	(500)
Total Other Financing Sources (Uses)	<u>(500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>0</u>
Net Change in Fund Balances	292,963	(104,332)	(180,467)	4,005	(246,389)	(234,220)
Fund Balances Beginning of Year	<u>1,212,491</u>	<u>(80,399)</u>	<u>145,612</u>	<u>128</u>	<u>74,378</u>	<u>1,352,210</u>
Fund Balances End of Year	<u>\$ 1,505,454</u>	<u>\$ (184,731)</u>	<u>\$ (34,855)</u>	<u>\$ 4,133</u>	<u>\$ (172,011)</u>	<u>\$ 1,117,990</u>

See accompanying notes to the basic financial statements.

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts</u>				
Property and Other Local Taxes	\$ 2,816,090	\$ 2,816,090	\$ 2,816,090	\$ 0
Charges for Services	1,299,186	1,299,186	1,395,387	96,201
Licenses, Permits and Fees	1,415,341	1,415,341	1,110,064	(305,277)
Intergovernmental	80,000	104,237	188,958	84,721
Other	<u>0</u>	<u>0</u>	<u>10,160</u>	<u>10,160</u>
Total Receipts	<u>5,610,617</u>	<u>5,634,854</u>	<u>5,520,659</u>	<u>(114,195)</u>
<u>Disbursements</u>				
Current:				
Environmental Health	1,821,132	1,821,132	1,572,948	248,184
Nursing Services	2,122,847	2,122,847	2,026,381	96,466
Community Health Services	87,355	111,592	82,970	28,622
Administration	<u>1,613,491</u>	<u>2,791,774</u>	<u>1,553,932</u>	<u>1,237,842</u>
Total Disbursements	<u>5,644,825</u>	<u>6,847,345</u>	<u>5,236,231</u>	<u>1,611,114</u>
Excess of Receipts Over (Under) Disbursements	<u>(34,208)</u>	<u>(1,212,491)</u>	<u>284,428</u>	<u>1,496,919</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	0	0	(500)	(500)
Advances In	0	267,751	267,751	0
Advances Out	<u>0</u>	<u>0</u>	<u>(527,550)</u>	<u>(527,550)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>267,751</u>	<u>(260,299)</u>	<u>(528,050)</u>
Net Change in Fund Balance	(34,208)	(944,740)	24,129	968,869
Fund Balance Beginning of Year	910,532	910,532	910,532	0
Prior Year Encumbrances Appropriated	<u>34,208</u>	<u>34,208</u>	<u>34,208</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 910,532</u>	<u>\$ 0</u>	<u>\$ 968,869</u>	<u>\$ 968,869</u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMEN, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts</u>				
Intergovernmental	\$ 341,131	\$ 540,956	\$ 324,093	\$ (216,863)
Total Receipts	<u>341,131</u>	<u>540,956</u>	<u>324,093</u>	<u>(216,863)</u>
<u>Disbursements</u>				
Current:				
Nursing Services	<u>260,732</u>	<u>460,557</u>	<u>428,425</u>	<u>32,132</u>
Total Disbursements	<u>260,732</u>	<u>460,557</u>	<u>428,425</u>	<u>32,132</u>
Excess of Receipts Over (Under) Disbursements	<u>80,399</u>	<u>80,399</u>	<u>(104,332)</u>	<u>(184,731)</u>
<u>Other Financing Sources (Uses)</u>				
Advances In	0	0	184,731	184,731
Advances Out	<u>(154,629)</u>	<u>(154,629)</u>	<u>(154,629)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(154,629)</u>	<u>(154,629)</u>	<u>30,102</u>	<u>184,731</u>
Net Change in Fund Balance	(74,230)	(74,230)	(74,230)	0
Fund Balance Beginning of Year	<u>74,230</u>	<u>74,230</u>	<u>74,230</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CHILD AND FAMILY HEALTH SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts</u>				
Intergovernmental	\$ 302,663	\$ 632,735	\$ 449,804	\$ (182,931)
Total Receipts	<u>302,663</u>	<u>632,735</u>	<u>449,804</u>	<u>(182,931)</u>
<u>Disbursements</u>				
Current:				
Nursing Services	<u>448,275</u>	<u>778,347</u>	<u>630,271</u>	<u>148,076</u>
Total Disbursements	<u>448,275</u>	<u>778,347</u>	<u>630,271</u>	<u>148,076</u>
Excess of Receipts Over (Under) Disbursements	<u>(145,612)</u>	<u>(145,612)</u>	<u>(180,467)</u>	<u>(34,855)</u>
<u>Other Financing Sources (Uses)</u>				
Advances In	<u>0</u>	<u>0</u>	<u>35,000</u>	<u>35,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>35,000</u>	<u>35,000</u>
Net Change in Fund Balance	(145,612)	(145,612)	(145,467)	145
Fund Balance Beginning of Year	<u>145,612</u>	<u>145,612</u>	<u>145,612</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 145</u>	<u>\$ 145</u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
HEALTHY COMMUNITIES ACCESS GRANT
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts</u>				
Intergovernmental	\$ 675,690	\$ 675,690	\$ 675,690	\$ 0
Total Receipts	<u>675,690</u>	<u>675,690</u>	<u>675,690</u>	<u>0</u>
<u>Disbursements</u>				
Current:				
Community Health Services	<u>675,818</u>	<u>675,818</u>	<u>671,685</u>	<u>4,133</u>
Total Disbursements	<u>675,818</u>	<u>675,818</u>	<u>671,685</u>	<u>4,133</u>
Net Change in Fund Balance	(128)	(128)	4,005	4,133
Fund Balance Beginning of Year	<u>128</u>	<u>128</u>	<u>128</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,133</u>	<u>\$ 4,133</u>

See accompanying notes to the basic financial statements.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1: REPORTING ENTITY

The Summit County General Health District (the Health District) serves as a policy-making body with authority to adopt rules and regulations. The Health District is directed by an appointed fourteen-member board and a Health Commissioner.

The Health District (1) adopts regulations as necessary for the prevention of disease and the promotion of public health, (2) holds hearings on public health matters, (3) cooperates with other health agencies and citizens groups to promote community health programs and, (4) informs and educates the community on public health matters.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government -Wide Financial Statements

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

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation** (Continued)

Government-Wide Financial Statements (Continued)

The statement of net assets presents the cash balance of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible.

Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the general receipts of the Health District.

Fund Financial Statements

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

B. **Fund Accounting**

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Health District uses the following fund types:

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

Governmental Funds

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

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

Special Revenue Fund - These funds are used to account for proceeds from specific sources that are restricted to expenditures for specific purposes. The Health District has the following major Special Revenue Funds:

Women, Infants and Children Fund - This fund receives proceeds from a federal grant to provide nutritional assistance to qualified women, infants and children.

Child and Family Health Services Fund - This fund receives proceeds from a federal grant directed at improving and maintaining the health status of women and children by providing support for development of health services standards and guidelines, training, data and planning systems.

Healthy Communities Access Fund - This fund receives federal grant money for the purpose of improving health care access for uninsured and under insured individuals.

C. **Basis of Accounting**

The Health District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Health District are described in the appropriate section of this note.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Basis of Accounting** (Continued)

As a result of the use of this modified 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**

Ohio Revised Code requires that all funds be budgeted and appropriated annually. The appropriations resolution is the Health District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. Budgetary expenditures must not exceed at the fund, department, or object level and appropriations may not exceed estimated resources. The Board of Health must approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the appropriation measures. Unencumbered appropriations lapse at year end.

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

E. **Cash and Investments**

The Summit County Fiscal Officer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Fiscal Officer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by contacting Dan Hawke, Deputy Fiscal Officer of Finance, County of Summit, 175 South Main Street, 44308-1306, (330) 643-2878.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. **Restricted Assets**

Assets are reported as restricted when there are limitations on their use through external restriction imposed by creditors, grantors, or laws or regulations of other governments.

G. **Inventory and Prepaid Items**

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

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 Receivable/Payables**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivable/payables”. These amounts are eliminated in the governmental activities column of the statement of net assets.

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 Health District’s modified cash basis of accounting.

K. **Employer Contributions to Cost-Sharing Pension Plans**

The Health District recognizes the disbursement for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. **Long-Term Obligations**

The Health District's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of loans are reported as cash when received and principal and interest 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.

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 proceeds from state and federal grants that are to be used for the specific purposes outlined by the grantor. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

N. **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 and repayment of advances.

O. **Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2006, the Health District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, GASB Statement No. 47, *Accounting for Termination Benefits*.

GASB Statement No. 45 provides guidance on all aspects of Other Postemployment Benefits (OPEB) reporting by employers. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Health District.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements that amount of net assets restricted by enabling legislation. The implementation of GASB Statement No. 46 did not have an effect on the financial statements of the Health District.

GASB Statement No. 47 provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. The implementation of GASB Statement No. 47 did not have an effect on the financial statements of the Health District.

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 - Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis).

	<u>General Fund</u>	<u>Women, Infants and Children</u>	<u>Child and Family Health</u>
Budgetary Basis	\$ 968,869	\$ 0	\$ 145
Net Adjustment Revenue Accruals	527,550	0	0
Net Adjustment Expenditure Accruals	0	(184,731)	(35,000)
Net Adjustment for Encumbrances	9,035	0	0
GAAP Basis	<u>\$ 1,505,454</u>	<u>\$ (184,731)</u>	<u>\$ (34,855)</u>

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 5: ACCOUNTABILITY

Fund balances at December 31, 2006 included the following fund deficits:

Fund	Deficit
Major Governmental Funds:	
Women, Infants and Children	\$ (184,731)
Child and Family Health Services	(34,855)
Other Governmental Funds:	
Immunization Action Plan	(515)
Cardiovascular Health	(10,071)
Breast and Cervical Cancer	(4,457)
Quality of Life	(43,661)
Tobacco	(42,063)
Public Health Infrastructure	(76,022)
BioTerrorism Coordination	(116,919)
Dental Sealant	(3,686)

The fund deficits in the above funds resulted from interfund liabilities due to the reimbursement of expenses requested but not yet received by year end for the various federal grants. The general fund is liable for the deficits in these funds and will provide operating advances when cash is required, not when the liability occurs.

NOTE 6: 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 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 tax 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 varying percentages of true value.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 6: **PROPERTY TAXES** (Continued)

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. Amounts 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 taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all Health District operations for the year ended December 31, 2006, was \$.341449 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$ 5,758,789,720
Agriculture	87,522,160
Commercial/Industrial/Mineral	1,560,375,160
Public Utility Property	
Real	774,020
Personal	178,829,590
Tangible Personal Property	<u>661,177,919</u>
Total Assessed Value	<u>\$ 8,247,468,569</u>

NOTE 7: **INTERFUND RECEIVABLES/PAYABLES**

Interfund balances at December 31, 2006, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Women, Infants and Children Fund	\$ 184,731
Child and Family Health Services	35,000
Other Governmental Funds	<u>307,819</u>
Total General Fund	<u>\$ 527,550</u>

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 8: RISK MANAGEMENT

Risk Pool Membership

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

Casualty Coverage

The Pool retains casualty risks up to \$250,000 per claim, including loss adjustments expenses. The Pool reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust the Pool's retained earnings, the American Public Entity Pool covers the Pool losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

The Pool retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Traveler's Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence.

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

Financial Position

The Pool'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:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$ 29,719,675	\$ 27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained Earnings	<u>\$ 13,725,507</u>	<u>\$ 13,557,131</u>
<u>Property Coverage</u>		
Assets	\$ 4,443,332	\$ 3,648,272
Liabilities	<u>(1,068,246)</u>	<u>(540,073)</u>
Retained Earnings	<u>\$ 3,375,086</u>	<u>\$ 3,108,199</u>

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

Ohio Public Employees Retirement System

The Health 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 OPERS 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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2006, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salary to fund pension obligations. The Health District's contributions rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$392,567, \$379,024, and \$390,337, respectively. The full amount has been contributed for 2006, 2005 and 2004.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 10: POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (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. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Governmental Employers*. 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 employer contribution rate was 13.70 percent of covered payroll; 4.5 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6 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 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$192,045. The actual contribution and the actuarial required contribution amounts are the same. OPERS' net assets available for the payment of benefits at December 31, 2005 (the latest information available), was \$11.1 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2005, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 10: POSTEMPLOYMENT BENEFITS (Continued)

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Choices Plan will also offer a spending account feature enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

NOTE 11: LOANS PAYABLE

The Health District's long-term loan activity for the year ended December 31, 2006, was as follows:

<u>Government Activities</u>	<u>Interest Rate</u>	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2006</u>	<u>Due Within One Year</u>
Loans Payable:						
1994 Issue (Roof repair - Original amount - \$210,000)	8.69%	\$ 71,432	\$ 0	\$ 16,395	\$ 55,037	\$ 20,688
Total Governmental Activities		<u>\$ 71,432</u>	<u>\$ 0</u>	<u>\$ 16,395</u>	<u>\$ 55,037</u>	<u>\$ 20,688</u>

The following is a summary of the Health District's future annual debt service requirements for governmental activities

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 20,688	\$ 1,878
2008	18,392	1,449
2009	15,957	686
Total	<u>\$ 55,037</u>	<u>\$ 4,013</u>

NOTE 12: LEASES

The Health District leases computer property under a three year capital lease agreement. Monthly payments of \$2,517 began, March 2004 and continue through February, 2007. The Health District disbursed \$30,208 to pay lease costs for the year ended December 31, 2006. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 5,035
Total	<u>\$ 5,035</u>

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)**

NOTE 12: **LEASES** (Continued)

The Health District leases copier equipment under a four year capital lease. Annual payments of \$7,566 began February 2006 and continue through January 2009. The Health District disbursed \$7,566 to pay lease costs for the year ended December 31, 2006 along with \$100 in closing costs. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 7,566
2008	7,566
2009	<u>7,566</u>
Total	<u>\$ 22,698</u>

Additionally, the Health District leases various clinic facilities under operating leases for up to two years in length.

Total rent expenses for these leases in 2006 were \$57,047.

NOTE 13: **INTERFUND TRANSFERS**

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$ 500
Total Transfers from the General Fund	<u>\$ 500</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In 2006, assets were transferred from the Health District general fund to the Women's Health fund to cover program expenditures in excess of available grant funds.

NOTE 14: **CONTINGENT LIABILITIES**

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

SUPPLEMENTAL DATA

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2006**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Receipts</u>	<u>Disbursements</u>
<u>U.S. Department of Agriculture</u>				
Special Supplemental Nutrition Program for Women, Infants and Children <i>Passed Through the City of Akron</i>	FY0693716	10.557	\$ 324,093	\$ 333,425
	FY0793717	10.557	<u>0</u>	<u>95,003</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>324,093</u>	<u>428,428</u>
Total U.S. Department of Agriculture			<u>324,093</u>	<u>428,428</u>
<u>U.S. Department of Health and Human Services</u>				
Health Promotion Block Grant <i>Passed Through Ohio Department of Health</i>	FY0593725	93.991	3,691	2,980
	FY0693726	93.991	<u>81,894</u>	<u>91,965</u>
Total Health Promotional Block Grant			<u>85,585</u>	<u>94,945</u>
Child and Family Services Block Grant <i>Passed Through Ohio Department of Health</i>	FY0693736	93.944	299,804	445,416
	FY0793737	93.944	<u>150,000</u>	<u>184,855</u>
Total Child and Family Services Block Grant			<u>449,804</u>	<u>630,271</u>
BCCP <i>Passed Through Ohio Department of Health</i>	FY0693766	93.919	69,967	90,354
	FY0793767	93.919	<u>80,434</u>	<u>72,262</u>
Total BCCP			<u>150,401</u>	<u>162,616</u>
HCAP Total HCAP	FY0693976	93.252	<u>675,690</u>	<u>671,684</u>
			<u>675,690</u>	<u>671,684</u>

(Continued)

The note to the Schedule of Federal Awards Expenditures is an integral part of this schedule.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2006
(CONTINUED)**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Disbursement</u>
<u>U.S. Department of Health and Human Services</u>				
Immunization Action Plan - Infant Immunizations				
<i>Passed Through Ohio Department of Health</i>	FY0593705	93.268	\$ 47,677	\$ 30,644
	FY0693706	93.268	<u>184,325</u>	<u>184,840</u>
Total Immunization Action Plan - Infant Immunization			<u>232,002</u>	<u>215,484</u>
Public Health Infrastructure				
<i>Passed Through Ohio Department of Health</i>	FY0693966	93.283	50,000	184,666
	FY0793967	93.283	25,000	28,615
<i>Passed Through City of Akron</i>	FY0693956	93.283	198,257	179,939
	FY0793957	93.283	<u>0</u>	<u>76,022</u>
Total Public Health Infrastructure			<u>273,257</u>	<u>469,242</u>
Dental Sealant				
<i>Passed Through City of Akron</i>	FY0593985	93.994	2,100	0
	FY0693986	93.994	<u>10,314</u>	<u>14,000</u>
Total Dental Sealant			<u>12,414</u>	<u>14,000</u>
Total U.S. Department of Health and Human Services			<u>1,879,153</u>	<u>2,258,242</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,203,246</u>	<u>\$ 2,686,670</u>

The note to the Schedule of Federal Awards Expenditures is an integral part of this schedule.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2006**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures is a summary of the Health District’s federal award programs. The schedule has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Health District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Child and Family Health Services	93.944	\$ 401,648
Healthy Communities Access Program	93.252	509,991
Immunization Action Plan	93.268	93,884
Public Health Infrastructure	93.283	<u>117,454</u>
Total		<u><u>\$ 1,122,977</u></u>

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

Board of Health
Summit County General Health District
Summit County
1100 Graham Circle
Stow, Ohio 44224

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Health District (the Health District) as of and for the year ended December 31, 2006, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated April 4, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Health District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

James G. Zupka, CPA, Inc.
Certified Public Accountants

April 4, 2007

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CONTROL A-133**

Board of Health
Summit County General Health District
Summit County
1100 Graham Circle
Stow, Ohio 44224

Compliance

We have audited the compliance of Summit County General Health District (the Health District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Health District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Health District's management. Our responsibility is to express an opinion on the Health District's compliance based on our audit.

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

In our opinion, the Health District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the Health District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Health District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

James G. Zupka, CPA, Inc.
Certified Public Accountants

April 4, 2007

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Health District.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Health District were disclosed during the audit.
4. No reportable conditions in internal control were disclosed during the audit of the major federal award programs.
5. The auditors report on compliance for the major federal award program for the Health District expresses an unqualified opinion on the major federal program.
6. No audit findings relative to the major federal award program for the Health District are reported in this schedule.
7. The programs tested as the major programs were Child and Family Health Services - CFDA #93.944 and Public Health Infrastructure - CFDA # 93.283.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Health District was determined to be a low-risk auditee

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

GENERAL HEALTH DISTRICT

SUMMIT 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
MAY 15, 2007**