



Mary Taylor, CPA
Auditor of State

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

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

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Champaign Health District, Champaign County, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Health Grants, and Food Service Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2006, the Health District revised its financial presentation comparable to the requirements of Governmental 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 November 14, 2007, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

November 14, 2007

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

This discussion and analysis of the Champaign Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 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 enhance their understanding of the Health District's financial performance.

Highlights

Key highlights for 2006 are as follows:

- Net assets from all governmental activities decreased by \$65,085, a significant change predominantly due to an increase in health insurance costs, decreases in revenue for tuberculosis and immunization clinics, increases in vaccine costs, unanticipated unemployment costs, and rent.
- Program specific receipts in the form of charges for services, operating grants and contributions, and contract services comprise the largest percentage of the Health District's receipts, making up almost 75 percent of all the dollars coming into the District. General receipts in the form of and unrestricted grants make up the other 25 percent.
- The Health District had \$ 777,319 in disbursements during 2006.
- Grant revenue increased by \$62,843 due to the attainment of the Help Me Grow and WIC awards. These programs provide early childhood and nutritional services for families in Champaign County. These are restricted funds that can only be used to provide the Help Me Grow and WIC programs.

Using the Basic Financial Statements

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

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 Health District 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 cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Health District as a whole, presenting an aggregate view of the Health District's 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

Basis of Accounting

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

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

Reporting the Health District as a Whole

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

The statement of net assets and the statement of activities reflect how the Health District did financially during 2006 within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Health District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services, and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating.

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

Reporting the District's Most Significant Funds

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

All of the Health District's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Health District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's programs. The Health District's significant Governmental funds are presented on the financial statements in separate columns.

The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major Governmental funds are the General Fund, the Health Grant Fund, and the Food Service Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental Activities section of the entity-wide statements.

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2006 on a cash basis. Since the Health District did not prepare financial statements in this format for the 2005, a comparative analysis of District-wide data has not been presented. In future years, when prior year information is available, comparative analysis will be presented.

**Table 1
Net Assets – Cash Basis**

	Governmental Activities
	2006
Assets	
Equity in Pooled Cash and Cash Equivalents	\$268,679
Net Assets	
Restricted	104,325
Unrestricted	164,354
	164,354
Total Net Assets	\$268,679

As mentioned previously, net assets of all governmental activities decreased by \$65,085 during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Increase in health insurance costs
- Decreases in revenue for tuberculosis and immunization clinics
- Increases in vaccine costs
- Unanticipated unemployment costs
- Rent

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

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

**Table 2
Changes in Net Assets**

	Governmental Activities 2006
Receipts	
Program Cash Receipts	
Charges for Services	\$368,256
Operating Grants and Contributions	163,766
Total Program Cash Receipts	532,022
General Receipts	
Revenue from Subdivisions	168,500
State Subsidy	11,712
Total General Receipts	180,212
Total Receipts	712,234
Disbursements	
Environmental Health	
Food Program	46,290
Solid Waste	3,333
Swimming Pools	2,789
Other Environmental Health	227,110
Personal Health Services	159,710
Immunizations	30,460
Laboratory	11,046
Grants	
WIC	15,793
Help Me Grow	29,835
Immunizations	20,824
Tobacco Use Grants	32,622
Public Health Infrastructure	95,953
Vital Statistics	8,597
Child Abuse Prevention	7,194
Administration	77,066
Other Health Expenditures	8,757
Total Disbursements	777,319
Changes in Net Assets	(65,085)
Net Assets Beginning of Year	333,764
Net Assets End of Year	\$268,679

Program receipts represent 74.7 percent of total receipts and are primarily comprised of licenses, permits, and fees for various services which make up 69.2 percent of total Program Receipts and state and federal grants, which make up 30 percent of total Program Receipts.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

General receipts represent 25.3 percent of the Health District's total receipts, and of this amount, over 93.5 percent are local taxes (revenue from subdivisions) provided by each municipality and township in the county. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for the Health District represent the overhead costs of running the Health District and the support services provided for the other District activities. These include primarily the costs of personnel and personnel support at 75 percent of total disbursements, as the primary product of the Health District is preventive health services which are labor-intensive.

Capital outlay signifies the disbursements for equipment for use in administering the Health District's services. There were no significant equipment purchases during 2006.

Governmental Activities

If you look at the Statement of Activities below, 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 Public Health services. The next column of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the Health District that must be used to provide a specific service.

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

**Table 3
Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006
Environmental Health		
Food Program	\$ 46,290	\$ 9,563
Solid Waste	3,333	706
Swimming Pools	2,789	390
MHP/Camps		3,485
Plumbing		77,946
Sewage		79,124
Other Environmental Health	227,110	(226,635)
Personal Health Services	159,710	(133,352)
Immunizations	30,460	6,458
Laboratory	11,046	(4,734)
Grants		
WIC	15,793	4,631
Heal Me Grow	29,835	6,088
Immunizations	20,824	(3,765)
Tobacco Use Grant	32,622	1,680
Public Health Infrastructure	95,953	(18,476)
Vital Statistics	8,597	15,909
Child Abuse Prevention	7,194	1,603
Administration	77,006	(77,006)
Other Health Expenditures	8,757	11,088
Totals	\$777,319	(\$245,297)

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

The Health District's Funds

Total Governmental funds had receipts of \$712,234 and disbursements of \$777,319. The greatest change within Governmental funds occurred within the General Fund, the balance of which decreased \$68,865; a shortfall anticipated due to increases in personnel costs.

Receipts were more than disbursements in two of the Health District's funds, mainly due to the procurement of additional grants. In the Environmental Health division most of the services are provided for a fee based on current cost methodologies. However, even with adjustments to fees during 2006 the division is not self-funded and requires monies from the general fund. In the Nursing and Personal Health Services division, most of the services provided are not fee based and are wholly funded via the general fund.

General Fund Budgeting Highlights

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

During 2006, the Health District amended its General and Special Revenue fund budgets to reflect changing circumstances. The addition of two grants, WIC and Help Me Grow, required an Amended Certificate of Estimated Revenue, as did a significant increase in the funds available through Public Health Infrastructure grant late in the year.

Revenues for General Fund were originally budgeted at \$433,402, amended to \$435,446, and actual revenue was \$452,483. Revenues for the Health Grant fund were originally budgeted at \$139,700, amended to \$202,543, and actual revenue was \$187,883. This increase was primarily a result of additional grant moneys for WIC and Help Me Grow. Revenues for the Food Service Fund were originally budgeted at \$46,000, amended to \$58,000, and actual revenue was \$55,853.

Disbursements for General Fund were originally budgeted at \$557,228, amended to \$565,740, and actual disbursements were \$531,965. Disbursements for the Health Grant Fund were originally budgeted at \$140,700, amended to \$223,116, and actual disbursements were \$197,584. Disbursements for the Food Service Fund were originally budgeted at \$46,000, amended to \$49,933, and actual disbursements were \$46,615. The Health District kept overall spending very close to budgeted amounts; the exception is in the General fund where there were savings due to changes in staffing to grant programs and in the Health Grant Fund where different grant cycles (local, state fiscal and Federal) cover differing fiscal years for the District.

Capital Assets

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

Debt

At December 31, 2006, the Health District's outstanding debt included future lease payments for the office facility and copier equipment, as well as accumulated leave balances for the Health District's employees. For further information regarding the Health District's rental lease, refer to the note 10 to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

Current Issues

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

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Health District's finances and to reflect the Health District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Shelia Hiddleston, Health Commissioner, Champaign Health District, 1512 S. US Highway 68, Suite Q100, Urbana, OH 43078.

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CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$268,679
Total Assets	<u>\$268,679</u>
Net Assets	
Restricted for:	
Other Purposes	104,325
Unrestricted	164,354
Total Net Assets	<u>\$268,679</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>Program Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Environmental Health				
Food Program	\$46,290	\$55,853		\$9,563
Solid Waste	3,333		\$4,039	706
Swimming Pools	2,789	3,179		390
MHP/ Camps		3,485		3,485
Plumbing		77,946		77,946
Sewage		79,124		79,124
Other Environmental Health	227,110	475		(226,635)
Personal Health Services	159,710	17,828	8,530	(133,352)
Immunizations	30,460	36,918		6,458
Laboratory	11,046	6,312		(4,734)
Grants				
WIC	15,793		20,424	4,631
Help Me Grow	29,835		35,923	6,088
Immunizations	20,824	2,083	14,976	(3,765)
Tobacco Use Grant	32,622	34,302		1,680
Public Health Infrastructure	95,953		77,477	(18,476)
Vital Statistics	8,597	24,506		15,909
Child Abuse Prevention	7,194	8,797		1,603
Administration	77,006			(77,006)
Other Health Expenditures	8,757	17,448	2,397	11,088
Total Governmental Activities	<u>\$777,319</u>	<u>\$368,256</u>	<u>\$163,766</u>	<u>(245,297)</u>
General Receipts				
				168,500
				11,712
				<u>180,212</u>
				(65,085)
				<u>333,764</u>
				<u>\$268,679</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>General</u>	<u>Health Grants</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$164,354	\$36,926	\$32,952	\$34,447	\$268,679
Total Assets	<u>164,354</u>	<u>36,926</u>	<u>32,952</u>	<u>34,447</u>	<u>268,679</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	10,614	1,221	325	802	12,962
Unreserved:					
General Fund	153,740				153,740
Special Revenue Funds		35,705	32,627	33,645	101,977
Total Fund Balances	<u>\$164,354</u>	<u>\$36,926</u>	<u>32,952</u>	<u>\$34,447</u>	<u>\$268,679</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>General</u>	<u>Health Grants</u>	<u>Food Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts					
State Funds	\$11,712			\$150	\$11,862
Grants					
Local	8,530	\$34,302		3,889	46,721
State		45,900			45,900
Federal		104,310			104,310
Subdivisions	168,500				168,500
Fines, Licenses and Permits: Environmental	162,356		\$55,847	3,179	221,382
Nursing Fees	41,331	1,583			42,914
Medicaid/Medicare	13,415	500			13,915
Vital Statistic Fees	23,180			8,797	31,977
Charges for Services	16,366				16,366
Donations	925				925
Reimbursements	3,831	1,225	6		5,062
Miscellaneous	2,337	63			2,400
Total Receipts	<u>452,483</u>	<u>187,883</u>	<u>55,853</u>	<u>16,015</u>	<u>712,234</u>
Disbursements					
Current:					
Salaries - Employees	294,349	97,104	25,688	4,374	421,515
Sick Leave Vacation Payoff	2,051				2,051
Group Insurances	55,210	16,979	8,672	123	80,984
Medicare	4,306	1,374	353	63	6,096
PERS	41,406	13,038	3,518	522	58,484
Workers Compensation	9,377	1,558	874		11,809
Supplies -Office and program specific	6,997	9,061		46	16,104
Supplies - Postage	1,539	585			2,124
Supplies - Medical	10,224				10,224
Supplies - Vaccine	30,460				30,460
Equipment	1,500	6,888			8,388
Client Incentive/Health Promotion		3,441			3,441
Repair/Maintenance	133				133
Rent/Maintenance Building	5,640	576			6,216
Insurance Liability	3,958				3,958
Telephone	4,456	7,612			12,068
Advertising	519				519
Travel/ Training/ Dues / Membership	21,116	9,237	1,479	313	32,145
Consulting/ Contracts	666	28,910			29,576
Refunds	616				616
Fees - Lab	11,046				11,046
Fees - Vital Statistics	8,597			7,194	15,791
Fees - State Remittances			5,706	680	6,386
Unanticipated Emergency	7,185				7,185
Total Disbursements	<u>521,351</u>	<u>196,363</u>	<u>46,290</u>	<u>13,315</u>	<u>777,319</u>
Excess of Receipts Over (Under) Disbursements	<u>(68,868)</u>	<u>(8,480)</u>	<u>9,563</u>	<u>2,700</u>	<u>(65,085)</u>
Fund Balances Beginning of Year	<u>233,222</u>	<u>45,406</u>	<u>23,389</u>	<u>31,747</u>	<u>333,764</u>
Fund Balances End of Year	<u>\$164,354</u>	<u>\$36,926</u>	<u>\$32,952</u>	<u>\$34,447</u>	<u>\$268,679</u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
State Funds	\$11,502	\$11,712	\$11,712	
Grants				
Local	8,550	8,530	8,530	
Subdivisions	168,500	168,500	168,500	
Fines, Licenses and Permits: Environmental	122,750	147,210	162,356	\$15,146
Nursing Fees	27,500	38,000	41,331	3,331
Medicaid/Medicare	40,000	11,900	13,415	1,515
Vital Statistic Fees	44,500	25,500	23,180	(2,320)
Charges for Services	10,000	6,500	6,312	(188)
Donations			925	925
Reimbursements	100	15,394	13,885	(1,509)
Miscellaneous		2,200	2,337	137
Total Receipts	<u>433,402</u>	<u>435,446</u>	<u>452,483</u>	<u>17,037</u>
Disbursements				
Current:				
Salaries - Employees	297,435	315,178	294,349	20,829
Sick Leave Vacation Payoff	10,000	9,403	2,051	7,352
Group Insurances	73,334	62,512	55,210	7,302
Medicare	4,313	4,595	4,306	289
PERS	40,749	44,101	41,406	2,695
Workers Compensation	11,897	11,899	9,377	2,522
Supplies -Office and program specific	5,000	7,086	8,687	(1,601)
Supplies - Postage	1,500	1,383	1,539	(156)
Supplies - Medical	3,000	5,850	10,834	(4,984)
Supplies - Vaccine	30,000	31,020	31,020	
Equipment	1,500	1,500	1,500	
Repair/Maintenance	500	133	133	
Rent/Maintenance Building	7,200	6,216	5,640	576
Insurance Liability	6,500	3,958	3,958	
Telephone	5,000	5,980	4,856	1,124
Advertising	500	600	619	(19)
Travel/ Training/ Dues / Membership	16,500	24,459	25,922	(1,463)
Audit Charges	1,800			
Consulting/ Contracts		666	666	
Refunds	500	616	565	51
Fees - Lab	10,000	11,896	11,896	
Fees - Vital Statistics	25,000	9,622	10,246	(624)
Unanticipated Emergency	5,000	7,067	7,185	(118)
Total Disbursements	<u>557,228</u>	<u>565,740</u>	<u>531,965</u>	<u>33,775</u>
Excess of Receipts Over (Under) Disbursements	<u>(123,826)</u>	<u>(130,294)</u>	<u>(79,482)</u>	<u>50,812</u>
Prior Year Encumbrances Appropriated	10,724	10,724	10,724	
Fund Balances Beginning of Year	<u>222,498</u>	<u>222,498</u>	<u>222,498</u>	
Fund Balances End of Year	<u><u>\$109,396</u></u>	<u><u>\$102,928</u></u>	<u><u>\$153,740</u></u>	<u><u>\$50,812</u></u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Grants				
WIC		\$18,108	\$20,424	\$2,316
Help Me Grow		42,770	35,923	(6,847)
Immunizations	\$15,700	15,700	14,976	(724)
Tobacco Use Grant	35,000	35,000	34,302	(698)
Public Health Infrastructure	84,000	85,765	77,477	(8,288)
Medicaid	1,000	500	500	
Miscellaneous	4,000	4,700	4,281	(419)
Total Receipts	<u>139,700</u>	<u>202,543</u>	<u>187,883</u>	<u>(14,660)</u>
Disbursements				
Current:				
Salaries - Employees	62,728	114,584	97,104	17,480
Group Insurances	13,492	21,390	16,979	4,411
Medicare	923	2,517	1,374	1,143
PERS	8,838	16,670	13,038	3,632
Workers Compensation	2,576	7,044	1,558	5,486
Supplies -Office and program specific	3,559	8,804	9,317	(513)
Supplies - Postage	430	650	585	65
Equipment	7,300	6,325	6,888	(563)
Client Incentive/Health Promotion	2,403	2,403	3,441	(1,038)
Rent/Maintenance Building		576	576	
Telephone	6,860	7,658	8,119	(461)
Travel/ Training/ Dues / Membership	9,391	9,457	9,695	(238)
Consulting/ Contracts	22,200	25,038	28,910	(3,872)
Total Disbursements	<u>140,700</u>	<u>223,116</u>	<u>197,584</u>	<u>25,532</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,000)</u>	<u>(20,573)</u>	<u>(9,701)</u>	<u>10,872</u>
Prior Year Encumbrances Appropriated	9,146	9,146	9,146	
Fund Balances Beginning of Year	<u>36,260</u>	<u>36,260</u>	<u>36,260</u>	
Fund Balances End of Year	<u><u>\$44,406</u></u>	<u><u>\$24,833</u></u>	<u><u>\$35,705</u></u>	<u><u>\$10,872</u></u>

See accompanying notes to the basic financial statements.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Fines, Licenses and Permits: Environmental	\$46,000	\$58,000	\$55,847	(\$2,153)
Reimbursements			6	6
Total Receipts	<u>46,000</u>	<u>58,000</u>	<u>55,853</u>	<u>(2,147)</u>
Disbursements				
Current:				
Salaries - Employees	25,551	27,000	25,688	1,312
Group Insurances	8,825	8,891	8,672	219
Medicare	370	370	353	17
PERS	3,500	3,650	3,518	132
Workers Compensation	1,022	1,022	874	148
Travel/ Training/ Dues / Membership	1,732	2,000	1,654	346
State Fees	5,000	7,000	5,856	1,144
Total Disbursements	<u>46,000</u>	<u>49,933</u>	<u>46,615</u>	<u>3,318</u>
Excess of Receipts Over (Under) Disbursements		<u>8,067</u>	<u>9,238</u>	<u>1,171</u>
Prior Year Encumbrances Appropriated	200	200	200	
Fund Balances Beginning of Year	<u>23,189</u>	<u>23,189</u>	<u>23,189</u>	
Fund Balances End of Year	<u>\$23,389</u>	<u>\$31,456</u>	<u>\$32,627</u>	<u>\$1,171</u>

See accompanying notes to the basic financial statements.

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**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. REPORTING ENTITY

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

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

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

A. Primary Government

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

B. Component Units

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

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

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

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Cash and Investments

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

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balance Reserves

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

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Health District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Health 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 non-major funds aggregated and presented in a single column, rather than a column for each fund type.

The transition from the regulatory basis of accounting generated no changes to fund balance/equity as previously reported at December 31, 2005. The calculation of net assets of governmental activities at December 31, 2005 is also presented.

	<u>General</u>	<u>Special Revenue</u>	<u>Health Grants</u>	<u>Food Service</u>	<u>Other Governmental</u>	<u>Governmental Activities</u>
Fund Balance December 31, 2005	\$233,222	\$100,542	\$0	\$0	\$0	\$333,764
Transition from regulatory basis:	0	(100,542)	45,406	23,389	31,747	0
Adjusted Fund Balance December 31, 2005	<u>233,222</u>	<u>0</u>	<u>45,406</u>	<u>23,389</u>	<u>31,747</u>	<u>333,764</u>
Government-Wide Financial Statement Adjustments:						0
Governmental Activities Net Assets December 31, 2005						<u>\$333,764</u>

4. BUDGETARY BASIS OF ACCOUNTING

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

General Fund	\$10,614
Major Special Revenue Funds:	
Health Grant Fund	\$ 1,221
Food Service Fund	\$ 325

5. INTERGOVERNMENTAL FUNDING

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

6. RISK MANAGEMENT

A. Commercial Insurance

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

- Employee health insurance
- Errors and omissions.

B. Risk Pool Membership

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

Casualty Coverage

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

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

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

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 occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, 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 government.

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

Financial Position

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

Casualty Coverage	2006	2005
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>
Property Coverage	2006	2005
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 Health District's share of these unpaid claims collectible in future years is approximately \$ 7,916. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

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	\$ 3,958
2005	\$ 3,958
2006	\$ 3,958

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.

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

For 2006, the Health District, through Champaign County as their fiscal agent, participated in the State of Ohio Worker's Compensation system. The Health District budgets 4% of wages to provide Workers' Compensation coverage for its' employees.

D. Employee Medical Benefits

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

The cost of the program for 2006 was \$81,538 compared to \$68,618 in 2005. This shows an 18% increase in one year.

7. DEFINED BENEFIT PENSION PLANS

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 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.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

7. DEFINED BENEFIT PENSION PLANS (Continued)

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, members of all three plans were required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The Health 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 contribution for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2006, 2005, and 2004 were \$59,583, and \$53,253, and \$ 46,243 respectively. The increase is attributed to raises (3.0% average) and additional employees paid by grants

8. POST-EMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides post-retirement 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 Post-employment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Post-employment 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 post-retirement health care based on authority granted by State statute. The 2006 employer contribution rate was 4.5 percent of covered payroll 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 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 to 6.00 percent for the next nine years and 4.00 percent annually after nine years not to exceed a 12% corridor.

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.

Actual employer contributions for 2006 which were used to fund post-employment benefits were \$19,925. 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 \$11.1billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

On September 9, 2005 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 cost. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

9. CONTINGENT LIABILITIES

The Health District is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially adversely affect the Health District's financial condition.

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

10. CONTRACTUAL OBLIGATIONS

The Health District is a party to a multi-year lease for rental of office space. This lease was initiated August 1, 2005 and is renewable through July 31, 2010. This lease requires the District to remit monthly. The lease payment is \$518 per month with an annual reconciliation for the maintenance and custodial costs.



Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign Health District, Champaign County, (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 November 14, 2007, wherein we noted the Health District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis*. We also noted the Health District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-002.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2006-002 is also a material weakness.

Compliance and Other Matters

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

The Health District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Health 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 District Board of Health. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 14, 2007

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

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

FINDING NUMBER 2006-001

Finding for Recovery Repaid under Audit

The Board of Health approved a personal leave policy and termination benefits policy on September 7, 2005, and subsequently amended the policy which allows employees to be credited with up to twenty-one hours of personal leave. The policy also allows the employees to be compensated for unused personal leave upon termination of employment. Joe Richard Sargeant, former Environmental Health Director, was credited with seven hours of personal leave on October 14, 2005 by Shelia Hiddleson, Health Commissioner, which brought his personal leave balance to twenty-eight hours which is contrary to Board policy. Mr. Sargeant resigned from the Health District effective September 1, 2006, and was paid for his unused personal leave balance at termination of 17.5 hours at \$21.60 per hour on September 15, 2006, which was overstated seven hours resulting in the following overpayment:

	<u>Rate of Pay</u>	<u>Health Commissioner Calculated Personal Leave Balance</u>	<u>Correct Personal Leave Balance Per Board Policy</u>	<u>Totals</u>
Actual Payment	\$21.60	17.50 hours		\$378.00
Correct Payment	21.60		10.50 hours	<u>226.80</u>
Overpayment				<u>\$151.20</u>

Joe Richard Sargeant was overpaid a total of One Hundred Fifty One Dollars and twenty cents (\$151.20) upon termination of employment.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Joe Richard Sargeant and Shelia Hiddleson, jointly and severally, and in favor of the Champaign Health District's General Fund for the amount of One Hundred Fifty One Dollars and twenty cents.

Official's Response:

The finding was repaid by Shelia Hiddleson on June 5, 2007, as evidenced by check # 4053, and Champaign Health District receipt # 35.

The overpayment of \$151.20 was the result of a clerical error in an Excel spreadsheet related to an auto fill function. This function has been corrected for all Champaign Health District employee leave spreadsheets and all employee spreadsheets for 2005, 2006, and 2007 have been checked to assure that this error did not and will not occur again.

FINDING NUMBER 2006-002

Material Weakness

Annual Report Presentation

The District's 2006 annual report required the addition of a major fund and several material reclassifications and adjustments to revenue, expenditures and fund balances. The Food Service Fund's cash balance met the criteria for reporting as a major fund however the fund was reported with Other Governmental Funds. There were instances in which Health Grant intergovernmental monies were posted to the incorrect account resulting in a 42% misclassification of federal, state, and local revenue. Instead of cash balances, unencumbered fund balances were used for beginning balances. General Fund beginning balances were understated by 5% and the Health Grant beginning balances were understated by 20%. The accompanying financial statements have been adjusted and reflect the Food Service Fund as a major fund, the proper classification of intergovernmental revenue, and the correct beginning balances. The posting of revenue during the year and the preparation of the annual report should be carried out with due care for proper presentation. Cash balances should be included as criteria for the determination of major funds. Local, state and federal funds should be identified correctly. Beginning balances should be reported at cash and agree to the prior year ending cash balances.

Official's Response:

The incorrect posting of Health Grant intergovernmental monies was the due to the monies being classified as state dollars not federal dollars. This classification was initially made based on the monies being directly received from the Ohio Department of Health. After reviewing one grant Notice of Award with the auditor, it was discovered that although these monies come through the Ohio Department of Health they were identified with a CFDA number. Therefore, these funds are actually federal funds and will be classified as such beginning in 2007.

**CHAMPAIGN HEALTH DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Postings to incorrect funds and/or accounts.	No	See Finding 2006-002
2004-002	Ohio Rev. Code 5705.41(D), failure to certify the availability of funds prior to entering into purchase commitments.	Yes	N/A



Mary Taylor, CPA
Auditor of State

CHAMPAIGN HEALTH DISTRICT

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 18, 2007**