

SUMMIT COUNTY
GENERAL HEALTH DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Summit County General Health District, prepared by Brott Mardis & Co., for the audit period January 1, 2005 through December 31, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 13, 2006

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**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

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SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY
1100 Graham Road Circle
Stow, Ohio 44224

Appointed Officials and Administrative Personnel
As of December 31, 2005

APPOINTED OFFICIALS					
NAME	TITLE	TERM OF OFFICE	SURETY	AMOUNT	PERIOD
Jeffrey Snell, J.D.	Board President	03/01/02 - 03/31/06			
Lewis Debevec, Jr.	Board Member	01/01/03 - 12/31/06			
Kristine Gill, Ph.D., R.N.	Board Member	01/01/02 - 12/31/05			
Douglas Hasbrouck	Board Member	01/01/03 - 12/31/06			
Jay Williamson, M.D.	Board Member	01/01/02 - 12/31/05			
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	10/01/04 - 12/31/05			

ADMINISTRATIVE PERSONNEL

Gene Nixon, R.S., M.P.A.	Health Commissioner	04/01/03 - 03/31/05	(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



BROTT MARDIS & CO.

Certified Public Accountants

222 South Main Street, Suite 210, Akron, Ohio 44308-1538
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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, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison 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 March 20, 2006, 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.

As described in Note 2, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of December 31, 2005.

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 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.

Biott Mardis & Co.

Certified Public Accountants
March 20, 2006

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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, 2005, 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 2005 are as follows:

- Net assets increased \$571,330.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost two thirds of all the dollars coming into the District. General receipts in the form of property taxes and unrestricted grants make up the other third.
- The Health District had \$8,065,441 in disbursements during 2005. Two major programs were significantly expanded, Child and Family Health Services (CFHS) and Healthy Communities Access (HCAP).
- The Health District applied for and was awarded three new grants in 2005, the Women's Health Services Grant, Chronic Disease Prevention Grant, and Dental Sealant Grant. These grants are reflected in the Health District's other governmental funds.

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 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.

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, use of which 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 from 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 2005, 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 governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of 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 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 also 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, Women, Infants and Children, Child and Family Health Services and Health Communities Access Funds.

The Health District as a Whole

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

**Table 1
Net Assets – Cash Basis**

	Governmental Activities	
	2005	2004
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,352,210	\$ 780,880
Interfund Receivable	<u>267,751</u>	<u>266,631</u>
Total Assets	<u>1,619,961</u>	<u>1,047,511</u>
Liabilities		
Interfund Payable	<u>267,751</u>	<u>266,631</u>
Total Liabilities	<u>267,751</u>	<u>266,631</u>
Net Assets		
Restricted for Other Purposes	407,470	(151,236)
Unrestricted	<u>944,740</u>	<u>932,116</u>
Total Net Assets	<u>\$1,352,210</u>	<u>\$ 780,880</u>

As mentioned previously, net assets increased \$571,330. The increase is due primarily to increases in federal operating grants received during 2005.

Table 2 reflects the changes in net assets in 2005. Since the Health District did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Program Cash Receipts	
Charges for Services	\$2,720,386
Operating Grants and Contributions	2,699,990
Total Program Cash Receipts	<u>5,420,376</u>
General Receipts	
Property Taxes	2,742,055
State Subsidy	85,051
Miscellaneous	121,538
Intergovernmental	267,751
Total General Receipts	<u>3,216,395</u>
Total Receipts	<u>8,636,771</u>
Disbursements	
Environmental Health	1,426,719
Nursing Services	3,923,915
Community Health Services	956,083
Administration	1,758,724
Total Disbursements	<u>8,065,441</u>
Change in Net Assets	571,330
Net Assets Beginning of Year	<u>780,880</u>
Net Assets End of Year	<u><u>\$1,352,210</u></u>

In 2005, 37 % of the Health District's total receipts were from general receipts, consisting mainly of property taxes. Program receipts accounted for 63 % of the Health District's total receipts in year 2005. 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.

Governmental Activities

The first column of the Statement of Activities – Modified Cash Basis 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 49% 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 2005</u>	<u>Net Cost of Services 2005</u>
Environmental Health	\$ 1,426,719	\$ 242,337
Nursing Services	3,923,915	868,630
Community Health Services	956,083	41,510
Administration	1,758,724	1,492,588
<i>Total Distribution</i>	<u>\$ 8,065,441</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 33 % 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 \$8,636,771 and disbursements of \$8,065,441. The governmental funds had an increase in the cash balance of \$571,330.

The fund balance of the General Fund increased \$280,375 to \$1,212,491 at year-end. This represents almost thirteen percent of annual disbursements. Federal and state grant funds had disbursements that exceeded receipts by almost three hundred thousand dollars. This shortfall was offset by advances totaling \$267,751.

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 2005, 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 final to actual variance in Charges for Services is primary due to less than anticipated clinic volume. The variance seen in Licenses, Permits and Fees is due to cuts in solid waste facility reimbursement and 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. There were no significant changes between the original and final budgeted disbursements. The only significant variance seen between final budgeted disbursements and actual disbursements occurred in Community Health Services where costs were significantly less than anticipated due to increased direct federal support.

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 Combined General Health District
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,352,210
Interfund Receivable	267,751
<i>Total Assets</i>	1,619,961
Liabilities	
Interfund Payable	267,751
<i>Total Liabilities</i>	267,751
Net Assets	
Restricted for:	
Other Purposes	407,470
Unrestricted	944,740
<i>Total Net Assets</i>	\$ 1,352,210

See accompanying notes to the basic financial statements.

Summit County Combined General Health District

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Environmental Health	\$ 1,426,719	\$ 1,184,382	\$ -	\$ (242,337)
Nursing Services	3,923,915	1,269,868	1,785,417	(868,630)
Community Health Services	956,083	-	914,573	(41,510)
Administration	1,758,724	266,136	-	(1,492,588)
Total	<u>\$8,065,441</u>	<u>\$2,720,386</u>	<u>\$2,699,990</u>	<u>(2,645,065)</u>
General Receipts				
Property Taxes				2,742,055
State Subsidy				85,051
Intergovernmental				267,751
Miscellaneous				121,538
Total General Receipts				<u>3,216,395</u>
Change in Net Assets				571,330
<i>Net Assets Beginning of Year</i>				<u>780,880</u>
<i>Net Assets End of Year</i>				<u>\$1,352,210</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31 2005

	General	Women, Infants and Children	Child and Family Health Services	Healthy Communities Access	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 944,740	\$ 74,230	\$ 145,612	\$ 128	\$ 187,500	\$ 1,352,210
Interfund Receivable	267,751	-	-	-	-	267,751
<i>Total Assets</i>	<u>\$ 1,212,491</u>	<u>\$ 74,230</u>	<u>\$ 145,612</u>	<u>\$ 128</u>	<u>\$ 187,500</u>	<u>\$ 1,619,961</u>
Liabilities						
Interfund Payable	\$ -	\$ 154,629	\$ -	\$ -	\$ 113,122	\$ 267,751
	-	154,629	-	-	113,122	267,751
Fund Balances						
Reserved:						
Reserved for Encumbrances	34,208	-	-	-	-	34,208
Reserved for Repayment of Advances	-	154,629	-	-	113,122	267,751
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	1,178,283	-	-	-	-	1,178,283
Special Revenue Funds	-	(235,028)	145,612	128	(38,744)	(128,032)
<i>Total Fund Balances</i>	<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>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,212,491</u>	<u>\$ 74,230</u>	<u>\$ 145,612</u>	<u>\$ 128</u>	<u>\$ 187,500</u>	<u>\$ 1,619,961</u>

See accompanying notes to the basic financial statements.

Summit County Combined General Health District
Statement of Cash Receipts Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31 2005

	General	Women, Infants and Children	Child and Family Health	Healthy Communities Access	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 2,742,055	\$ -	\$ -	\$ -	\$ -	\$ 2,742,055
Charges for Services	1,437,353	-	-	-	-	1,437,353
Licenses, Permits and Fees	1,038,921	-	-	-	6,611	1,045,532
Intergovernmental	456,095	574,166	428,115	630,171	1,281,699	3,370,246
Other	26,245	-	-	-	15,340	41,585
<i>Total Receipts</i>	<u>5,700,669</u>	<u>574,166</u>	<u>428,115</u>	<u>630,171</u>	<u>1,303,650</u>	<u>8,636,771</u>
Disbursements						
Environmental Health	1,421,624	-	-	-	5,094	1,426,718
Nursing Services	2,135,977	552,060	250,125	-	985,754	3,923,916
Community Health Services	58,180	-	-	614,840	283,064	956,084
Administration	1,758,723	-	-	-	-	1,758,723
<i>Total Disbursements</i>	<u>5,374,504</u>	<u>552,060</u>	<u>250,125</u>	<u>614,840</u>	<u>1,273,912</u>	<u>8,065,441</u>
<i>Excess of Receipts Over Disbursements</i>	<u>326,165</u>	<u>22,106</u>	<u>177,990</u>	<u>15,331</u>	<u>29,738</u>	<u>571,330</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	45,790	45,790
Transfers Out	(45,790)	-	-	-	-	(45,790)
<i>Total Other Financing Sources (Uses)</i>	<u>(45,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,790</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	280,375	22,106	177,990	15,331	75,528	571,330
<i>Fund Balances Beginning of Year</i>	<u>932,116</u>	<u>(102,505)</u>	<u>(32,378)</u>	<u>(15,203)</u>	<u>(1,150)</u>	<u>780,880</u>
<i>Fund Balances End of Year</i>	<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>

See accompanying notes to the basic financial statements

Summit County Combined 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, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 2,742,055	\$ 2,742,055	\$ 2,742,055	\$ -
Charges for Services	1,480,589	1,480,589	1,437,353	(43,236)
Licenses, Permits and Fees	1,262,078	1,262,078	1,038,921	(223,157)
Intergovernmental	107,855	114,155	188,345	74,190
Other	-	-	26,245	26,245
<i>Total receipts</i>	<u>5,592,577</u>	<u>5,598,877</u>	<u>5,432,919</u>	<u>(165,958)</u>
Disbursements				
Current:				
Environmental Health	1,602,092	1,602,092	1,455,832	146,260
Nursing Services	2,293,410	2,299,710	2,135,977	163,733
Community Health Services	83,000	83,000	58,180	24,820
Administration	1,614,075	1,614,075	1,490,973	123,102
<i>Total Disbursements</i>	<u>5,592,577</u>	<u>5,598,877</u>	<u>5,140,962</u>	<u>457,915</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>291,958</u>	<u>291,957</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(45,790)	(45,790)
Advances In	-	266,631	266,631	-
Advances Out	-	-	(267,751)	(267,751)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>266,631</u>	<u>(46,910)</u>	<u>(313,541)</u>
<i>Net Change in Fund Balance</i>	<u>-</u>	<u>266,631</u>	<u>245,048</u>	<u>(21,584)</u>
<i>Fund Balance Beginning of Year</i>	662,666	662,666	662,666	-
Prior Year Encumbrances Appropriated	2,818	2,818	2,818	-
<i>Fund Balance End of Year</i>	<u>\$ 665,484</u>	<u>\$ 932,115</u>	<u>\$ 910,532</u>	<u>\$ (21,584)</u>

See accompanying notes to the basic financial statements.

Summit County Combined 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, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 355,537	\$ 504,537	\$ 419,537	\$ (85,000)
<i>Total receipts</i>	<u>355,537</u>	<u>504,537</u>	<u>419,537</u>	<u>(85,000)</u>
Disbursements				
Current:				
Nursing Services	353,980	502,980	397,431	105,549
<i>Total Disbursements</i>	<u>353,980</u>	<u>502,980</u>	<u>397,431</u>	<u>105,549</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,557</u>	<u>1,557</u>	<u>22,106</u>	<u>20,549</u>
Other Financing Sources (Uses)				
Advances In	-	-	154,629	154,629
Advances Out	-	-	(100,948)	(100,948)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>53,681</u>	<u>53,681</u>
<i>Net Change in Fund Balance</i>	1,557	1,557	75,787	74,230
<i>Fund Balance Beginning of Year</i>	(1,557)	(1,557)	(1,557)	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,230</u>	<u>\$ 74,230</u>

See accompanying notes to the basic financial statements

Summit County Combined 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, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 102,148	\$ 432,148	\$ 428,115	\$ (4,033)
<i>Total receipts</i>	<u>102,148</u>	<u>432,148</u>	<u>428,115</u>	<u>(4,033)</u>
Disbursements				
Current:				
Nursing Services	101,770	431,770	250,125	181,645
<i>Total Disbursements</i>	<u>101,770</u>	<u>431,770</u>	<u>250,125</u>	<u>181,645</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>378</u>	<u>378</u>	<u>177,990</u>	<u>177,612</u>
Other Financing Sources (Uses)				
Advances In	-	-	-	-
Advances Out	-	-	(32,000)	(32,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(32,000)</u>	<u>(32,000)</u>
<i>Net Change in Fund Balance</i>	378	378	145,990	145,612
<i>Fund Balance Beginning of Year</i>	(1,097)	(1,097)	(1,097)	-
Prior Year Encumbrances Appropriated	719	719	719	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,612</u>	<u>\$ 145,612</u>

See accompanying notes to the basic financial statements

Summit County Combined 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, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 768,154	\$ 978,386	\$ 630,171	\$ (348,215)
<i>Total receipts</i>	<u>768,154</u>	<u>978,386</u>	<u>630,171</u>	<u>(348,215)</u>
Disbursements				
Current:				
Community Health Services	767,951	978,183	614,840	363,343
<i>Total Disbursements</i>	<u>767,951</u>	<u>978,183</u>	<u>614,840</u>	<u>363,343</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>203</u>	<u>203</u>	<u>15,331</u>	<u>15,128</u>
Other Financing Sources (Uses)				
Advances In	-	-	-	-
Advances Out	-	-	(15,000)	(15,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
<i>Net Change in Fund Balance</i>	203	203	331	128
<i>Fund Balance Beginning of Year</i>	(203)	(203)	(203)	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ 128</u>

See accompanying notes to the basic financial statements.

SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2005

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). GAAP 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 or services. The Health District has no business-type activities.

Note 2 - Summary of Significant Accounting Policies (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:

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 Funds - These funds are used to account for proceeds from specific sources that are restricted to expenditure 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 underinsured 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 in this note.

As a result of the use of this modified cash basis of accounting, certain assets and the related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and the 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 appropriations 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.

Note 2 - Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Assets are reported as restricted when there are limitations imposed on its 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 Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the 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 pension plans when these are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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 other financing sources nor capital outlay expenditures 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 its 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting

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 modified cash basis of accounting described in note 2. The fund financial statements now present each major fund separately with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Also, as reported in Note 2, the Health District has elected to report interfund receivables/payables as part of the modified cash basis of accounting. The transition from a regulatory basis of accounting to the modified cash basis of accounting generated the following changes to the fund balance/equity as previously reported at December 31, 2004. The calculation of net assets of governmental activities at December 31, 2004 is also presented.

	General	Other Governmental	Governmental Activities
Fund Balance December 31, 2004	\$ 665,484	\$ 115,396	\$ 780,880
Interfund Receivables (Payables)	266,631	(266,631)	-
Adjusted Fund Balance December 31, 2004	<u>\$ 932,115</u>	<u>\$ (151,235)</u>	<u>780,880</u>
Governmental Activities Net Assets December 31, 2004			<u>\$ 780,880</u>

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 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)). The encumbrances outstanding at year end (budgetary basis) amounted to:

	<u>General Fund</u>	<u>Women, Infants and Children</u>
Budgetary Basis	\$ 910,532	\$ 74,230
Net Adjustment Revenue Accruals	267,751	-
Net Adjustment Expenditure Accruals	-	(154,629)
Net Adjustment for Encumbrances	<u>34,208</u>	<u>-</u>
Modified Cash Basis	<u>\$ 1,212,491</u>	<u>\$ (80,399)</u>

Note 5 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. 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 31st; if paid semiannually, the first payment is due December 31st, with the remainder payable by June 20th. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property tax received in 2005 represent the collection of 2004 taxes. Public utility tangible personal property taxes received in 2005 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected in 2005 with real property taxes. Public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. 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 20th. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30th; if paid semiannually, the first payment is due April 30th, with the remainder payable by September 20th.

Note 5 - Property Taxes (continued)

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, 2005, was \$.341473 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$ 5,610,816,950
Agriculture	87,978,870
Commercial/Industrial/Mineral	1,496,469,480
Public Utility Property	
Real	773,620
Personal	177,585,270
Tangible Personal Property	<u>656,456,989</u>
Total Assessed Value	<u>\$ 8,030,081,179</u>

Note 6 - Interfund Receivables/Payables

Interfund balances at December 31, 2005, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Women, Infants and Children Fund	\$ 154,629
Other Governmental Funds	<u>113,122</u>
Total Due to General Fund	<u>\$ 267,751</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.

Note 7 - 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 adjustment 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 Excess 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 31st:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained Earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained Earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

Note 8 - 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.

Note 8 - 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 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, 2005, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The Health District's contribution rate for pension benefits for 2005 was 13.55 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, 2005, 2004, and 2003 were \$537,777, \$553,829, and \$663,946, respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 9 - 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 2005 employer contribution rate was 13.55 percent of covered payroll; 4 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's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 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.

Note 9 - Postemployment Benefits (continued)

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions by the Health District for 2005 used to fund postemployment benefits were \$158,752. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 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.

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 10 - Loans Payable

The Health District's long-term loan activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reduction	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
Loans Payable						
1994 Issue (Roof Repair) (Original Amount \$210,000)	8.69%	\$ 89,177	\$ -	\$ 17,745	\$ 71,432	\$ 16,395
Total Governmental Activities		\$ 89,177	\$ -	\$ 17,745	\$ 71,432	\$ 16,395

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

Year	Loans	
	Principal	Interest
2006	\$ 16,395	\$ 2,199
2007	20,688	1,878
2008	18,392	1,449
2009	15,957	686
	\$ 71,432	\$ 6,212

Note 11 – 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, 2005. Future lease payments are as follows:

Year	Amount
2006	\$ 30,208
2007	5,035
Total	<u>\$ 35,243</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 2005 was \$60,651.

Note 12 - Interfund Transfers

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$ -
Other Governmental Funds	45,790
Total Transfers from the General Fund	<u>\$ 45,790</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 2005, assets were transferred from the health district general fund to the health district contingency fund established to provide a reserve for future employee termination benefits, which are defined as payments for vacation leave and sick leave upon retirement, that are in excess of currently available funds.

Note 13 – 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
SUMMIT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

DECEMBER 31, 2005

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Pass-Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non- Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
U.S. DEPARTMENT OF AGRICULTURE						
Special Supplemental Nutrition Program for Women, Infants and Children						
<i>Passed Through the City of Akron</i>	FY0493714	10 557	\$ 27,948	\$ -	\$ -	\$ -
	FY0593715	10 557	391,589	-	317,032	-
	FY0693716	10 557	-	-	80,399	-
Total Special Supplemental Nutrition for Women, Infants and Children			<u>419,537</u>	<u>-</u>	<u>397,431</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>419,537</u>	<u>-</u>	<u>397,431</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Health Promotion Block Grant						
<i>Passed Through Ohio Department of Health</i>	FY0493724	93 991	2,663	-	1,854	-
	FY0593725	93 991	91,309	-	92,020	-
Total Health Promotional Block Grant			<u>93,972</u>	<u>-</u>	<u>93,874</u>	<u>-</u>
Child and Family Services Block Grant						
<i>Passed Through the City of Akron</i>	FY0593735	93 944	101,429	-	69,051	-
<i>Passed Through Ohio Department of Health</i>	FY0693736	93 944	326,686	-	181,074	-
Total Child and Family Services Block Grant			<u>428,115</u>	<u>-</u>	<u>250,125</u>	<u>-</u>
OIMRI						
<i>Passed Through Ohio Department of Health</i>	FY0593825	93 994	75,000	-	99,711	-
Total OIMRI			<u>75,000</u>	<u>-</u>	<u>99,711</u>	<u>-</u>
BCCP						
<i>Passed Through Ohio Department of Health</i>	FY0593765	93 919	76,750	-	85,752	-
	FY0693766	93 919	82,598	-	74,840	-
Total BCCP			<u>159,348</u>	<u>-</u>	<u>160,592</u>	<u>-</u>
HCAP						
	FY0593975	93 252	602,189	-	586,986	-
	FY0693976	93 252	27,982	-	27,854	-
Total HCAP			<u>630,171</u>	<u>-</u>	<u>614,840</u>	<u>-</u>

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

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

DECEMBER 31, 2005

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Pass-Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non- Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
Immunization Action Plan - Infant Immunizations						
<i>Passed Through Ohio Department of Health</i>	FY0493704	93 268	26,289	-	13,926	-
	FY0593705	93 268	170,684	-	187,717	-
Total Immunization Action Plan - Infant Immunizations			196,973	-	201,643	-
Public Health Infrastructure						
<i>Passed Through Ohio Department of Health</i>	FY0593965	93 283	119,000	-	99,658	-
	FY0693966	93 283	50,000	-	28,638	-
<i>Passed Through City of Akron</i>	FY0493954	93 283	2,420	-	-	-
	FY0493964	93 283	6,963	-	-	-
	FY0593955	93 283	243,947	-	217,970	-
	FY0693956	93 283	29,709	-	48,027	-
Total Public Health Infrastructure			452,039	-	394,293	-
Dental Sealant						
<i>Passed Through City of Akron</i>	FY0593985	93 994	12,280	-	14,380	-
Total Dental Sealant			12,280	-	14,380	-
Total U.S. Department of Health and Human Services			2,047,898	-	1,829,458	-
Total Federal Financial Assistance			<u>\$ 2,467,435</u>	<u>\$ -</u>	<u>\$ 2,226,889</u>	<u>\$ -</u>

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

SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

DECEMBER 31, 2005

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>
Healthy Communities Access Program	93.252	<u>\$ 517,313</u>



BROTT MARDIS & CO.

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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 General Health District (the Health District) as of and for the year ended December 31, 2005 and have issued our report thereon dated March 20, 2006, wherein we noted the Health District implemented Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 over financial reporting 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.

Broth Maudis & Co.
Certified Public Accountants
March 20, 2006



BROTT MARDIS & CO.

Certified Public Accountants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR 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 its major federal program for the year ended December 31, 2005. The Health District's major federal program is 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 program 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 its major federal program for the year ended December 31, 2005.

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 specified parties.

Broth Meadis & Co.

Certified Public Accountants
March 20, 2006

SUMMIT COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2005

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 program.
5. The auditor's 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 program tested as the major program was Healthy Communities Access Program – CFDA #93.252.
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

SUMMIT COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2005

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 program.
5. The auditor's 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 program tested as the major program was Healthy Communities Access Program – CFDA #93.252.
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



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SUMMIT COUNTY 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
JULY 27, 2006**