

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY
Regular Audit
December 31, 2005**



Mary Taylor, CPA
Auditor of State

January 8, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**Auditor of State
Betty Montgomery**

Board of Health
Clark County Combined Health District
529 East Home Road
Springfield, Ohio 45503

We have reviewed the *Independent Accountants' Report* of the Clark County Combined Health District, Clark County, prepared by Perry and Associates, 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 Clark County Combined 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

December 27, 2006

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**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

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Perry & Associates
Certified Public Accountants, A.C.

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Parkersburg, WV 26101
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428 Second Street
Marietta, OH 45750
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INDEPENDENT ACCOUNTANTS' REPORT

September 26, 2006

Clark County Combined Health District
Clark County
529 East Home Road
Springfield, OH 45503

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 Clark County Combined 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 the District's management. Our responsibility is to express an opinion 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 described more fully 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 District as of December 31, 2005 and the respective changes in the cash financial position and the respective budgetary comparison for the General Fund and HMG/TANF Fund thereof for the year ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the District revised its financial statement 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 September 26, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

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

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

Highlights

Key highlights for 2005 are as follows:

Net assets from all governmental activities increased \$350,908 or 18 percent, a significant change predominantly due to cash carryover from the Health Fund of \$1,160,044. These carryover monies are necessary in the first years of levies collections. In addition, a final transfer to the Contingency Fund of \$50,000 and collections of the new plumbing fees increasing the Plumbing Fund by \$63,853 account for a 6.7 percent increase.

Grant revenue decreased by \$133,485, or 7.1 percent, mostly due to the loss of the Women's Health Grant in July and the transfers of the Abstinence Only Grant to another agency.

The District's general receipts are primarily property taxes. These receipts represent 66 percent of the Health Fund revenues and 34 percent of all governmental activity revenues. Property taxes for 2005 decreased by \$28,988 due primarily to a decrease in Personal Property Tax of \$26,047 compared to 2004.

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.

Report Components

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

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

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

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

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

Basis of Accounting

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

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

Reporting the Health District as a Whole

The Clark County Combined 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 District is directed by an eight-member Board of Health that appoints a Health Commissioner as its Executive Officer. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and the issuance of health-related licenses and permits. The 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 District did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the activities of the 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, 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 District's general receipts.

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

When evaluating the District's financial condition, you should also consider other non-financial factors as well, such as the District's property tax base, the extent of the District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue resources such as property taxes.

In the statement of net assets and the statement of activities, all District activities are reported as governmental. State and federal grants and property taxes finance most of these activities and are not necessarily paid for by the people receiving them.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

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

Reporting the District's Most Significant Funds

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

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

The information for non-major funds (funds whose activity or balance are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major Governmental Funds are the General Fund, the GRF/TANF Grant Fund, and the Contingency Fund. The programs reported in Governmental Funds are closely related to those reported in the Governmental Activities section of the entity-wide statements. We describe the relationship in reconciliations presented with the Governmental Fund Financial Statements.

The District as a Whole

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

(T a b l e 1)
N e t A s s e t s

	G o v e r n m e n t a l A c t i v i t i e s	
	2 0 0 5	2 0 0 4
A s s e t s		
C a s h a n d C a s h E q u i v a l e n t s	\$ 2 , 2 9 5 , 8 5 2	\$ 1 , 9 4 4 , 9 4 4
N e t A s s e t s		
R e s t r i c t e d f o r :		
O t h e r P u r p o s e s	7 3 5 , 8 0 8	6 9 7 , 7 9 4
U n r e s t r i c t e d	1 , 5 6 0 , 0 4 4	1 , 2 4 7 , 1 5 0
T o t a l N e t A s s e t s	\$ 2 , 2 9 5 , 8 5 2	\$ 1 , 9 4 4 , 9 4 4

As mentioned previously, net assets of all governmental activities increased \$350,908 or 18 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

- Some small growth in tax collections along with planned carryover monies.
- Collections of the new plumbing fee increasing the Plumbing Fund by \$63,853 account for a 6.7 percent overall increase.
- Funds set aside to bring the Contingency Fund up to the planned value of \$400,000.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

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

The District as a Whole (Continued)

Table 2 reflects the changes in net assets in 2005. Since the District did not prepare financial statements in this format for the 2004, 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 2)
Changes in Net Assets
Governmental Activities 2005**

Receipts:

Program receipts:

Fee for Services	\$1,212,155
Operating Grants	\$1,885,947
Contracts for Services	\$166,098
<i>Total Program Receipts</i>	\$3,264,200

General Receipts:

Property and Other Local Taxes	\$1,850,536
Miscellaneous	\$10,304
State Subsidy	\$329,685
Transfers and Advances In/Reimbursements	\$56,315
<i>Total General Receipts</i>	\$2,246,840

Total Receipts	\$5,511,040
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Disbursements:

Public Health Services	\$5,147,132
Capital Outlay	\$0
Transfer to Fiduciary Fund	\$13,000
Total Disbursements	\$5,160,132

Increase (decrease) in Net Assets	\$350,908
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Net Assets, January 1, 2005	\$1,944,944
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Net Assets, December 31, 2005	\$2,295,852
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Program receipts represent 59 percent of total receipts and are primarily comprised of state and federal grants, which make up 58 percent of total Program Receipts.

General receipts represent 41 percent of the District's total receipts, and of this amount, over 82 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

The District as a Whole (Continued)

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

Capital outlay signifies the disbursements for equipment for use in administering the District's services. There were no significant equipment purchases during 2005.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. All of 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 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 2005	Program Receipts 2005	Net Cost of Services 2005
Public Health Services	\$5,147,132	\$3,264,200	\$1,882,932
Total Expenses	\$5,147,132	\$3,264,200	\$1,882,932

The District's Funds

Total Governmental funds had receipts of \$5,511,302 and disbursements of \$5,160,132. The greatest change within Governmental funds occurred within the General Fund, the balance of which increased \$262,894 as the result of planned carryover monies for the fiscal year.

Receipts were more than disbursements in 12 of the District's non-grant funds, mainly due to increased fee structures. The Environmental Services fund is subsidized heavily by local tax receipts and raising fees high enough to completely cover the costs is not feasible in the foreseeable future. All of the funds began 2005 with positive cash balances except the C & DD fund which was created during the fiscal year.

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

General Fund Budgeting Highlights

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

During 2005, the District amended its General and Special Revenue fund budgets to reflect changing circumstances. The loss of a grant, the Women's Health Services grant, 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.

Disbursements were originally budgeted at \$6,114,811, amended to \$5,377,175 and actual disbursements were \$5,147,132. The District kept spending very close to budgeted amounts except for the Women's Health fund (grant not renewed), the Dental grant (could not spend funds due to lack of dentist) and the Child and Family Health Services grant (combined with the OIMRI grant). Only two of the grant funds have a fiscal year synchronized with the District's fiscal year; cash flows in the grant fund accounts vary widely according to grant cycles.

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. We rely heavily on local taxes and the county's industry is now in the early stages of recovering from a downturn in the past few years. With the possible passage of a replacement levy for operating expenses, we can predict moderate increases in the total dollar amount in local tax receipts in the next five years. With these resources, along with conservative spending, the District can continue its slow rate of financial growth and can be assured that basic service provision can continue even with shrinkage of grant funding.

Contacting the 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 monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Charles Patterson, Health Commissioner, Clark County Combined Health District, 529 East Home Road, Springfield, Ohio 45503.

Clark County Combined Health District

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,295,852
<i>Total Assets</i>	<u>2,295,852</u>
Net Assets	
Restricted for:	
Other Purposes	735,808
Unrestricted:	
General Fund	<u>1,560,044</u>
<i>Total Net Assets</i>	<u>\$ 2,295,852</u>

The accompanying notes are integral to the financial statements

Clark County Combined Health District
Statement of Activities - 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	Contract For Services	Primary Government Governmental Activities
Governmental Activities					
Environmental Health					
Food Service Fund	\$ 217,659	\$ 204,280	\$ -	\$ -	\$ (13,379)
Solid Waste Fund	97,343	-	-	122,999	25,656
Plumbing Fund	153,624	217,737	-	-	64,113
Environmental Services Fund	251,983	61,832	-	-	(190,151)
Water System Fund	101,540	89,506	-	-	(12,034)
CD&D Fund	25,627	52,592	-	-	26,965
Other Environmental Health Funds	24,347	39,012	-	-	14,665
Grant Programs					
Help Me Grow	519,672	-	532,248	-	12,576
Child and Family Health Services	95,731	-	79,720	-	(16,011)
Public Health Infrastructure	198,539	-	189,790	-	(8,749)
Tobacco Use Grant	200,072	-	147,981	-	(52,091)
Early Start Grant	179,139	-	164,998	-	(14,141)
OIMRI Grant	195,485	-	179,193	-	(16,292)
Other Grants	704,697	-	592,017	43,099	(69,581)
Immunizations	169,576	275,254	-	-	105,678
Vital Statistics	145,114	271,942	-	-	126,828
Administration	1,498,921	-	-	-	(1,498,921)
Other Health Expenditures	368,063	-	-	-	(368,063)
<i>Total Governmental Activities</i>	<u>\$ 5,147,132</u>	<u>\$ 1,212,155</u>	<u>\$ 1,885,947</u>	<u>\$ 166,098</u>	<u>(1,882,932)</u>
General Receipts					
Property Taxes Levied for					
General Health District Purposes					1,850,536
State Subsidy/contract with New Carlisle					329,685
Miscellaneous					10,304
<i>Total General Receipts</i>					<u>2,190,525</u>
Grant Reimbursements					56,315
Transfer to Fiduciary Funds					(13,000)
Total General Receipts, Special Items, Transfers and Advances					<u>2,233,840</u>
Change in Net Assets					<u>350,908</u>
<i>Net Assets Beginning of Year</i>					<u>1,944,944</u>
<i>Net Assets End of Year</i>					<u>\$ 2,295,852</u>

See accompanying notes to the basic financial statements

Clark County Combined Health District
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2005

	<u>General</u>	<u>HMG/TANF Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,560,044	\$ 49,286	\$ 686,522	\$ 2,295,852
<i>Total Assets</i>	<u>1,560,044</u>	<u>49,286</u>	<u>686,522</u>	<u>2,295,852</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	55,097	21,482	121,148	197,727
Unreserved:				
General Fund	1,504,947	-	-	1,504,947
Special Revenue Funds	-	27,804	565,374	593,178
<i>Total Fund Balances</i>	<u>\$ 1,560,044</u>	<u>\$ 49,286</u>	<u>\$ 686,522</u>	<u>\$ 2,295,852</u>

See accompanying notes to the basic financial statements

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

	General	HMG/TANF Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
State Funds	\$ 273,625	\$ -	\$ -	\$ 273,625
Tax Levies	1,850,536	-	-	1,850,536
License Fees	-	-	279,072	279,072
Nursing Fees	251,526	-	-	251,526
Vital Statistics Fees	271,942	-	-	271,942
Contractual Services	56,060	-	36,871	92,931
Medicaid	23,728	-	-	23,728
Other Receipts	10,304	15	234	10,553
Reimbursements	56,315	-	-	56,315
District Contract	-	-	122,999	122,999
Sale of new Permits	-	-	36,306	36,306
Sale of Alteration Permits	-	-	2,701	2,701
Water testing fee	-	-	8,804	8,804
Inspections	-	-	41,695	41,695
Grants	-	532,233	1,355,222	1,887,455
Income and Fees	-	-	4,506	4,506
Medicaid	-	-	165	165
Fees/Fines/Permits	-	-	296,181	296,181
<i>Total Receipts</i>	<u>2,794,036</u>	<u>532,248</u>	<u>2,184,756</u>	<u>5,511,040</u>
Disbursements				
Current:				
Salaries - Employees	1,109,668	203,310	1,102,935	2,415,913
PERS	155,831	27,614	149,493	332,938
Supplies	198,602	-	13,357	211,959
Equipment	4,009	-	-	4,009
Contract Services/Repair	31,942	201,485	383,215	616,642
Contract Services/Other	140,366	-	92,825	233,191
Travel & Expenses	35,247	3,809	34,203	73,259
Advertising & Printing	8,833	-	1,500	10,333
Health Insurance	210,726	51,080	150,699	412,505
Workers Compensation & DWR	3,376	662	1,676	5,714
Medicare	14,090	2,465	10,393	26,948
Dental	4,634	886	3,058	8,578
Life Insurance	595	111	490	1,196
Vital Statistics	145,113	-	7	145,120
Maintenance	122,782	-	263,890	386,672
Utilities	29,386	3,061	-	32,447
Market & PR	3,241	-	-	3,241
Lactation	5,027	-	-	5,027
Remittance-State	-	-	53,019	53,019
Other Expense	-	-	10,720	10,720
Fringe Benefits	-	-	97,605	97,605
State Certification fees	-	-	10,451	10,451
Wraparound	-	7,688	1,000	8,688
Office Supplies	-	1,603	-	1,603
Admin Costs	-	15,898	6,675	22,573
Returned Grant Funds	-	-	16,781	16,781
<i>Total Disbursements</i>	<u>2,223,468</u>	<u>519,672</u>	<u>2,403,992</u>	<u>5,147,132</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>570,568</u>	<u>12,576</u>	<u>(219,236)</u>	<u>363,908</u>
Other Financing Sources (Uses)				
Transfers In	27,794	-	272,468	300,262
Transfers Out	(285,468)	-	(27,794)	(313,262)
Advances In	14,000	-	14,000	28,000
Advances Out	(14,000)	-	(14,000)	(28,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(257,674)</u>	<u>-</u>	<u>244,674</u>	<u>(13,000)</u>
<i>Net Change in Fund Balances</i>	312,894	12,576	25,438	350,908
<i>Fund Balances Beginning of Year</i>	<u>1,247,150</u>	<u>36,710</u>	<u>661,084</u>	<u>1,944,944</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,560,044</u>	<u>\$ 49,286</u>	<u>\$ 686,522</u>	<u>\$ 2,295,852</u>

See accompanying notes to the basic financial statements

Clark County Combined Health District
Statement of Cash 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				
State Funds	\$ 297,667	\$ 297,667	\$ 273,625	\$ (24,042)
Taxes	1,877,483	1,877,483	1,850,536	(26,947)
Nursing Fees	180,000	180,000	251,526	71,526
Vital Statistic Fees	265,000	265,000	271,942	6,942
Contractual Services	40,000	40,000	56,060	16,060
Medicaid	20,000	20,000	23,728	3,728
Other Receipts	5,000	5,000	10,304	5,304
Reimbursements	40,000	40,000	56,315	16,315
<i>Total receipts</i>	<u>2,725,150</u>	<u>2,725,150</u>	<u>2,794,036</u>	<u>68,886</u>
Disbursements				
Salaries	1,121,461	1,121,461	1,109,668	11,793
PERS	155,891	155,891	155,831	60
Supplies	195,995	195,995	205,441	(9,446)
Equipment	1,844	1,844	4,009	(2,165)
Contract Services/Repair	35,000	35,000	38,262	(3,262)
Contract Services/Other	133,527	133,527	141,309	(7,782)
Travel	36,000	36,000	37,441	(1,441)
Advertising and Printing	15,000	15,000	10,035	4,965
Health Insurance	210,726	210,726	210,726	-
Worker's Compensation	3,376	3,376	3,376	-
Medicare	15,733	15,733	14,090	1,643
Dental Insurance	4,840	4,840	4,634	206
Life Insurance	595	595	595	-
Vital Statistics	165,000	165,000	171,743	(6,743)
Maintenance	125,000	125,000	127,345	(2,345)
Utilities	35,000	35,000	35,136	(136)
Marketing and PR	3,500	3,500	3,241	259
Lactation	7,500	7,500	5,683	1,817
<i>Total Disbursements</i>	<u>2,265,988</u>	<u>2,265,988</u>	<u>2,278,565</u>	<u>(12,577)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>459,162</u>	<u>459,162</u>	<u>515,471</u>	<u>56,309</u>
Other Financing Sources (Uses)				
Transfers In	27,000	27,000	27,794	794
Transfers Out	(285,468)	(285,468)	(285,468)	-
Advances In	20,000	20,000	14,000	(6,000)
Advances Out	(20,000)	(20,000)	(14,000)	6,000
<i>Total Other Financing Sources (Uses)</i>	<u>(258,468)</u>	<u>(258,468)</u>	<u>(257,674)</u>	<u>794</u>
<i>Net Change in Fund Balance</i>	200,694	200,694	257,797	57,103
<i>Fund Balance Beginning of Year</i>	<u>1,139,882</u>	<u>1,139,882</u>	<u>1,139,882</u>	<u>-</u>
Prior Year Encumbrances Appropriated	107,268	107,268	107,268	-
<i>Fund Balance End of Year</i>	<u>\$ 1,447,844</u>	<u>\$ 1,447,844</u>	<u>\$ 1,504,947</u>	<u>\$ 57,103</u>

See accompanying notes to the basic financial statements

Clark County Combined Health District
Statement of Cash Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
HMG/TANF Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Grants	\$ 584,622	\$ 532,248	\$ 532,233	\$ (15)
Other	-	-	15	15
<i>Total receipts</i>	<u>584,622</u>	<u>532,248</u>	<u>532,248</u>	<u>-</u>
Disbursements				
Salaries	205,173	205,173	203,310	1,863
PERS	28,988	28,988	27,614	1,374
Contract Services/Repair	179,327	179,327	202,654	(23,327)
Travel	4,482	4,482	4,482	-
Health Insurance	51,080	51,080	51,080	-
Worker's Compensation	662	662	662	-
Medicare	2,888	2,888	2,465	423
Dental Insurance	886	886	886	-
Life Insurance	111	111	111	-
Utilities	5,629	5,629	3,061	2,568
Wraparound	34,799	34,799	27,328	7,471
Office Supplies	1,701	1,701	1,603	98
Administrative Costs	15,898	15,898	15,898	-
<i>Total Disbursements</i>	<u>531,624</u>	<u>531,624</u>	<u>541,154</u>	<u>(9,530)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>52,998</u>	<u>624</u>	<u>(8,906)</u>	<u>(9,530)</u>
<i>Net Change in Fund Balance</i>	52,998	624	(8,906)	(9,530)
<i>Fund Balance Beginning of Year</i>	<u>36,710</u>	<u>36,710</u>	<u>36,710</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 89,708</u>	<u>\$ 37,334</u>	<u>\$ 27,804</u>	<u>\$ (9,530)</u>

See accompanying notes to the basic financial statements

Clark County Combined Health District
Statement of Net Assets - Cash Basis
Fiduciary Funds
December 31, 2005

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	
Health Accrued Liability Fund	\$ 85,241
Sick Leave Payout Fund	26,489
<i>Total Assets</i>	111,730
Net Assets	
Unrestricted:	111,730
<i>Total Net Assets</i>	\$ 111,730

The accompanying notes are integral to the financial statements

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

Note 1 – Reporting Entity

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

An eight-member Board and a Health Commissioner govern the District. Services provided by the District include: prevention and control of diseases, sanitation, vital statistics, abatement and removal of nuisances, and air pollution control.

The District's Management believes this financial statement presents all activities for which the District is financially responsible.

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading.

A. Primary District

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For acceptable OCBOA, this includes general operations, immunizations, vital statistics, health related licenses and permits, disease prevention and control, and public health nursing.

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

For 2005, the Health District's basic financial statements consist of District-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 District as a whole. The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segments or governmental function is self-financing on the cash basis or draws from the District's general receipts.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Fund Financial Statements

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of Governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

For 2004, the District's basic financial statement consisted of a Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances for all Governmental and Fiduciary Fund Types.

B. Fund Accounting

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

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major funds:

General Fund – The General Fund accounts for all financial resources except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio Law.

HMG/TANF Funds – This fund receives Federal grant money used to provide services to the Help Me Grow system in Clark County. These funds are predominantly for early childhood issues including early detection and intervention.

Contingency Fund – This is a fund called for by the District Advisory Council to ensure adequate monies in the event of emergencies. The account prevents overspending which would cause additional funds to be levied on each township or village.

Special Revenue Funds – The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund account for cash and investments where the District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include agency funds. The following are the District's significant funds:

Accrued Liability Fund – This fund was set aside during the city/county health district combination. It is for the specific purpose of paying the accrued leave liabilities for the city employees transferred to the Combined Health District. These monies can only be used to pay the liabilities for those individuals previously employed by the City Health District.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Fiduciary Funds (Trust Funds) (Continued)

Sick Leave Payout Fund – This is an additional fund created to accrue some of the District’s leave liabilities during each fiscal year. It is used to fund the payout of personnel upon retirement or separation when the individual funds do not have the appropriations or cash balance to do so.

C. 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 generally accepted accounting principles. Under the Government’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.

D. Budgetary Process

The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts the Board may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The District uses the object level within each fund and function as its legal level of control.

The certificate of estimated resources may be amended during the year if the District projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

Budget versus actual statements for major funds are presented as part of the financial statements.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, valued at the County Treasurer's reported carrying amount.

F. Intergovernmental Funding

Upon the expenditure of funds in excess of the overall tax receipts, program receipts, available fund balances and all of the contingency monies, the County could apportion the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County could withhold the apportioned excess from property tax settlements and distribute it to the District. The financial statements would present these amounts as intergovernmental receipts, if this occurred. This scenario did not occur during 2005 and is not projected to occur in the current levy cycle (2003-2007.)

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 and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

I. Interfund Transfers

During 2005, the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$ -
Other Governmental Funds	\$ 285,468
Total Transfers from the General Fund	<u>285,468</u>

J. Accumulated Leave

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

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

For 2005, the District, through Clark County as their fiscal agent, participated in the County/Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool.

The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

The GRP then calculates the total savings, which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plan's selection criteria.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

L. Employee Medical Benefits

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

The cost of the program for 2005 was \$503,234 compared to \$444,177 in 2004. This shows a 13% increase in one year.

The District also participates in group dental plans with MCA and Superior.

The total cost for the combined programs was \$10,598 for 2005 and \$10,528 for 2004.

M. Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

N. Fund Balance Reserves

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has reserved fund equity for encumbrances.

O. Interfund Transactions

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Governmental Funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

P. Contractual Obligations

The District is a party to a multi-year lease for rental of office space. This lease was initiated June 13, 2002 and is renewable through December 31, 2016. This lease requires the District to remit quarterly. The lease payment is \$15,000 per quarter with an annual reconciliation for the maintenance and custodial costs. All utilities are the responsibility of the Combined Health District. An addendum to the lease was agreed to in September of 2004. This is an increase in the lease payments by \$28,117.70 per year due by the end of May of each year beginning in 2005 and terminating after the fifth payment in 2009.

Q. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include programs mandated by the Ohio Revised Code and grants awarded by the Ohio Department of Health or other agencies. The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 - Change in Basis of Accounting

Last year the 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 District has implemented the cash basis of accounting described in Note 2, comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) 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 are outstanding year end encumbrances that 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 any as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$	55,097
Major Special Revenue Funds:		
HGM/TANF Fund		21,482

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

(Continued)

Note 5– Property Taxes

The County Commissioners serve as a special taxing authority to levy a special levy outside the property tax ten-mill limitation to provide the District with sufficient funds to carry out health programs and general operations. The County Commissioners placed a countywide (excepting The City of New Carlisle) levy of 1.0 mill on the ballot in 2001 and gained approval by the electors of the county. This levy is for a period of five years and collections continue through 2007.

Note 6 - RISK MANAGEMENT

A. Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Employee health insurance
- Errors and omissions.

B. Risk Pool Membership

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

Coverage limits - The District has coverage for a variety of instances through PEP. Highlights of the coverage include \$4,000,000 for automobile liability, \$4,000,000 for medical malpractice and \$4,000,000 for Public Health Department liability.

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

Casualty Coverage- PEP retains up to \$250,000 per claim, including loss adjustment expenses. PEP makes an annual contribution to APEEP. APEEP reinsures casualty claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. If losses exhaust PEP's net assets, APEEP covers PEP's retained casualty risk up to \$10,000,000 per year, subject to a per-claim limit of \$2,000,000. Local political subdivisions can elect additional coverage, up to a total limit of \$12,000,000 from the General Reinsurance Corporation.

Property Coverage- PEP retains property risks, including automobile physical damage, up to \$100,000 in any one occurrence. APEEP reinsures property losses that are greater than \$100,000 up to \$250,000 per occurrence. The Travelers Indemnity Company reinsures losses exceeding \$250,000 up to \$600,000,000 per occurrence.

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 local government.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 6. RISK MANAGEMENT (Continued)

B. Risk Pool Membership (Continued)

Financial Position- PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2005 and 2004 (the latest information available)

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Net assets	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,246)</u>	<u>(540,073)</u>
Net assets	<u>\$3,375,086</u>	<u>\$3,108,199</u>

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The District participates in the OPERS, which administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or (800) 222-7377.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

Note 7 – Defined Benefit Pension Plan (Continued)

A. Ohio Public Employees Retirement System (Continued)

For the year ended December 31, 2005, members of all three plans, were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 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 District's required contribution for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2005, 2004, were \$332,940, and \$312,898, respectively. The 6.4% increase is attributed to raises (3.0% average) and additional employees paid by grants.

Note 8 - Post employment Benefits

A. 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 the retirement system is considered an Other Post employment Benefit (OPB) as described in GASB Statement No. 12. 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 and 4.00 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, 2003, 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 .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1 to 6 percent annually for the next eight years and 4 percent annually after eight years. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

On September 9, 2004, 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 skyrocketing health care costs.

CLARK COUNTY COMBINED HEALTH DISTRICT

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Disbursements
U.S. Department of Health and Human Services			
(Passed through Ohio Department of Health)			
Childhood Lead Poisoning Prevention Grant	1210011BD05	93.197	\$ 51,785.54
	1210011BD06		<u>39,472.93</u>
Total Childhood Lead Poisoning Prevention Grant			91,258.47
Immunization Action Plan Grant	1210012AZ04	93.268	2,677.75
	1210012AZ05		<u>48,181.88</u>
Total Immunization Action Plan Grant			50,859.63
Maternal and Child Health Services			
Child and Family Health Services Grant	1210011MC05	93.994	63,708.91
Ohio Infant Mortality Reduction Initiative Grant	1210011DM05	93.994	78,779.42
	1210011DM06		<u>116,705.94</u>
Total Ohio Infant Mortality Reduction Initiative Grant			<u>195,485.36</u>
Total Maternal and Child Health Services			<u>259,194.27</u>
Abstinence Education Grant	1210024CS05	93.235	<u>111,546.46</u>
Total Abstinence Education Grant			111,546.46
Public Health Infrastructure Grant	1210012BI05	93.283	146,242.71
	1210012BI06		<u>41,295.85</u>
Total Public Health Infrastructure Grant			187,538.56
U.S. Department of Environmental Protection Agency			
(Passed through Ohio Department of Health)			
State Indoor Radon Grant	1210012BA05	66.032	13,478.19
	1210012BA06		<u>350.00</u>
Total United States Department of Environmental Protection Agency			13,828.19
U.S. Department of Public Safety			
(Passed through Ohio Department of Public Safety)			
Safe Communities Grant	12000CHD5048.0	20.600	30,306.88
	SC-2006-12-00-00536		<u>2,645.65</u>
Total United States Department of Public Safety			<u>32,952.53</u>
Total Federal Awards Expenditures			<u><u>\$ 747,178.11</u></u>

See accompanying notes to the Schedule of Federal Awards Expenditures

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

NOTE B – MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

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

September 26, 2006

Clark County Combined Health District
Clark County
529 East Home Road
Springfield, OH 45503

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clark County Combined Health District (the District), as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 26, 2006, wherein we noted the District revised its financial presentation comparable to the requirements of 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when 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.

Clark County Combined Health District
Clark County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the District's basic 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Health, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

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

September 26, 2006

Clark County Combined Health District
Clark County
529 East Home Road
Springfield, OH 45503

To the Board of Health:

We have audited the compliance of the Clark County Combined Health District, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement, that apply to its major federal program for the year ended December 31, 2005. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Clark County Combined Health District, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

Clark County Combined Health District
Clark County
Independent Accountants' Report on Compliance
with Requirements Applicable to Major Federal
Programs and Internal Control Over Compliance
in Accordance with OMB A-133
Required by *Government Auditing Standards*
Page 2

Internal Control Over Compliance

The District's management 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 District's internal control over compliance with requirements that could directly and materially affect a major federal program 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 timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of management, the Board of Health, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**CLARK COUNTY COMBINED HEALTH DISTRICT
CLARK COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Maternal and Child Health Services CFDA # 93.994
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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CLARK COUNTY COMBINED HEALTH DISTRICT

CLARK 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
JANUARY 11, 2007**