



**Auditor of State  
Betty Montgomery**



**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Clermont County General Health District  
Clermont County  
2275 Bauer Road, Suite 300  
Batavia, Ohio 45103

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 Clermont County General Health District, Clermont County, Ohio (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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clermont County General Health District, Clermont County, Ohio, as of December 31, 2005, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund, Bioterrorism Grant Fund, and WIC Administration Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, during the year ended December 31, 2005, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement 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 August 23, 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.

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule 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 federal awards expenditure schedule 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 23, 2006

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

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The discussion and analysis of the General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2005. 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:

- The assets of the Health District exceeded its liabilities at the close of the year ended December 31, 2005, by \$1,033,588 (net assets). Of this amount, \$277,522 (unrestricted net assets) may be used to meet the Health District's ongoing obligations to citizens.
- The Health District's total net assets increased by \$113,264, which represents a 12.3% increase from 2004.
- At the end of the current year, the Health District's governmental funds reported a combined ending fund balance of \$775,218. Of this amount, \$672,373 is available for spending (unreserved fund balance) on behalf of Clermont County citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$311,696, or 16.7% of total general fund expenditures and other financing uses.

### **Using the Basic Financial Statements**

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

The Statement of Net Assets and Statement of Activities 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 assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the Health District's most significant funds with all other non-major funds presented in total in one column.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
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**Reporting the Health District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the Health District to provide services to our citizens, the view of the Health District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Health District's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the Health District as a whole, the financial position of the Health District has improved or diminished. However, in evaluating the overall position of the Health District, nonfinancial information such as the condition of the Health District's capital assets, the reliance on non-local financial resources for the operations and the need for continued growth will also need to be evaluated.

**Reporting the Health District's Most Significant Funds**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Health District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Health District are governmental funds. Fund financial reports provide detailed information about the Health District's major funds.

Based on restrictions on the use of monies, the Health District has established many funds which account for the multitude of services provided. However, these fund financial statements focus on the Health District's most significant funds. In the case of the Clermont County Health District, our major funds are the General, Bioterrorism Grant and the WIC Administration. The analysis of the Health District's major funds begins on page 10.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Health District's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
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The Health District maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Health District, assets exceeded liabilities by \$1,033,588 as of December 31, 2005.

Table 1 provides a summary of the Health District's net assets for 2005 compared to 2004.

Table 1  
**Net Assets**  
(In Thousands)

	Governmental Activities (Restated)	
	2005	2004
<b>Assets</b>		
Current & Other Assets	\$1,208.8	\$1,074.7
Capital Assets, Net	152.8	126.5
<i>Total Assets</i>	1,361.6	1,201.2
<b>Liabilities</b>		
Current & Other Liabilities	141.7	128.1
Long-Term Liabilities		
Due Within One Year	88.7	39.2
Due in More Than One Year	97.6	113.6
<i>Total Liabilities</i>	328.0	280.9
<b>Net Assets</b>		
Invested in Capital Assets	152.8	126.5
Restricted:		
Other Purposes	603.3	608.3
Unrestricted	277.5	185.5
<i>Total Net Assets</i>	\$1,033.6	\$920.3

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
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Table 2 provides a summary of the changes in net assets for 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.

Table 2  
**Changes in Net Assets**  
(In Thousands)

	Governmental Activities
	<u>2005</u>
Program Revenues:	
Charges for Services	\$2,185.1
Operating Grants and Contributions	1,490.2
General Revenues:	
Other	28.6
<i>Total Revenues</i>	3,703.9
Program Expenses	
Health:	
Environmental Health	1,405.3
Community Health Services	1,071.6
Health Promotion and Planning	239.5
Administration	874.2
<i>Total Expenses</i>	3,590.6
<i>Increase in Net Assets</i>	\$113.3

*Governmental Activities*

The Health District's governmental activities include Environmental Health, Community Health Services, Health Promotion and Planning and Administration. Major programs in Environmental Health include Food Service, Marina, Solid Waste, Mobile Home Park, Private Water, Private Sewage, Swimming Pool, and Infectious Waste Inspections. Community Health Services include the Bureau for Children with Medical Handicaps Program which provides diagnostic and treatment programs that link families with providers. Community Health Services is also comprised of the Vision and Hearing program, providing no cost screenings to families, the Immunization Program, providing low cost immunizations for children and adults, Injury Prevention Program, working to reduce injuries among senior citizens, the Pathways Program assists pregnant teens, Help Me Grow Every Child Succeeds provides newborn home visits, and Women, Infants and Children (WIC) who's goal is to improve the nutritional status of mothers, infants, and children during critical stages of growth and development. Major programs in Health Promotion and Planning are the Bioterrorism (Infrastructure) Program which ensures public health is ready and able to respond to major emergencies or terrorism events and the Safe Communities Program whose goal is to reduce the number of traffic fatalities.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
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The Health District's strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continues to be productive. Grants include Safe Communities, Bioterrorism (Infrastructure), Immunization, Preventive Health – Senior Safety, and Women, Infants, and Children (WIC). The Health District also holds a contract with Family and Children first Council to provide services for Every Child Succeeds.

**Financial Analysis of the Health District's Funds**

As noted earlier, the Health District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Health District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Health District's governmental funds reported combined ending fund balances of \$775,218. Of this amount, \$672,373 constitutes unreserved fund balance, which is available for spending. The remainder of fund balance is reserved to indicate that it is not available for new spending (\$102,845). While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The General Fund is the chief operating fund of the Health District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$311,696. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 16.7% of the total general fund expenditures.

Revenues exceeded expenditures in the General Fund by \$110,196 in 2005. License and permit fees account for 56.0 % of revenues in the General Fund. Intergovernmental and Other revenues consist of money from the townships, villages, and the City of Milford. Environmental Health accounts for the majority, \$1,007,958 of expenditures in the General Fund.

The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children (WIC) program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. At the end of the current fiscal year the total fund balance was \$103,161.

The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the Health District Emergency Operation Plan, and all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with involvement of key partners in Clermont County as well as regional partners. At the end of the current fiscal year the ending fund balance was \$20,946.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
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**General Fund Budgeting Highlights**

The Health District's budget is prepared according to Ohio Law in October two years prior to the fiscal year and adopted by the Board of Health by December of the same year. The budget is then approved by the Clermont County Budget Commission in May, the year prior to the fiscal year. The 2005 budget, for example, was prepared in October, 2003, adopted by the Board of Health by December, 2003, and approved by the budget commission in May of 2004. The budget 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 general fund budget numerous times, the most significant noted below. All recommendations for the budget were reviewed by the Clermont County Board of Health for adoption of a resolution on the change. With the General Fund supporting many of our major activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending. A summary of noted differences and explanations:

- The Advances out Budget was increased \$10,000 to account for the lag in reimbursement from the Safe Communities Grant. The Health District fronts up to two quarters worth of expenditures to cover the cost of the program until grant reimbursement is received.
- Increased licensing and permit fees as well as an unexpected increase in the number of permits pulled, licenses issued and inspections conducted accounts for the approximate \$200,000 increase in expenditures in Environmental Health and the \$135,000 increase in revenue for licenses and permits.

**Capital Assets**

The Health District's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$152,777 (net of accumulated depreciation). This investment in capital assets includes vehicles, furniture, and equipment.

Note 6 (Capital Assets) provides capital asset activity during 2005.

Major capital asset events during the current year included the following:

- The purchase of a copier for the Nursing Division and an ID badge system to be used during emergencies.
- The purchase of four vehicles to be used by staff conducting inspections and home visits.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

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**Economic Factors and Next Year's Budget**

Clermont County has experienced rapid residential growth which correlates to an increased number of Permits and licenses. Although the Health District has experienced growth in key economic development factors, the Health District maintains a conservative approach to spending while maximizing its revenues. Current economic indicators show that the current economy should remain at its current pace. The Health District will have to review alternative methods of intergovernmental funding, since the State of Ohio's fiscal condition continues to remain uncertain and the Health District's portion of state-based program revenue will be affected by the fiscal year 2007 State budget bill.

As of July 1, 2006, the Health District will no longer be a primary contractor with Family and Children First for the Help Me Grow Program and will not process pass through funds to three contractors. The Health District will continue to receive funding as a subcontractor; however, the amount of money being received will be reduced by approximately \$335,000.

All of these factors were considered in the preparation of the Health District's 2007 budget. In conjunction with current economic factors, the Health District has increased its 2007 budget to continue providing public health services; however, the overall total of the budget remains approximately the same due to no longer handling the pass through money for Family and Children First.

**Requests for Information**

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the Health District's finances and to show the Health District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joy Kohlem, Clermont County General Health District, Fiscal Officer, 2275 Bauer Rd., Batavia, Ohio 45103, (513)732-7499, (email at [cchealth@co.clermont.oh.us](mailto:cchealth@co.clermont.oh.us)) or visit the Health District website at [www.clermonthealthdistrict.org](http://www.clermonthealthdistrict.org).

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
*Statement of Net Assets*  
*December 31, 2005*

	<u><b>Governmental Activities</b></u>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 791,865
Accounts Receivable	4,289
Intergovernmental Receivable	412,001
Prepaid Items	619
<b>Capital Assets:</b>	
Furniture, Fixtures, and Equipment	418,703
<b>Accumulated Depreciation:</b>	
Furniture, Fixtures, and Equipment	<u>(265,926)</u>
<i>Total Assets</i>	<u>1,361,551</u>
<b>LIABILITIES:</b>	
Accounts Payable	29,311
Accrued Wages and Benefits	83,555
Intergovernmental Payable	28,796
<b>Long Term Liabilities:</b>	
Due Within One Year	88,652
Due in More Than One Year	<u>97,649</u>
<i>Total Liabilities</i>	<u>327,963</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets	152,777
Restricted for Other Purposes	603,289
Unrestricted	<u>277,522</u>
<i>Total Net Assets</i>	<u><u>\$ 1,033,588</u></u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
*Statement of Activities*  
For the Year Ended December 31, 2005

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Health:				
Environmental Health	\$ 1,405,315	\$ 1,551,723	\$ 0	\$ 146,408
Community Health Services	1,071,562	555,853	531,359	15,650
Health Promotion and Planning	239,543	0	201,485	(38,058)
Administration	874,176	77,489	757,386	(39,301)
<i>Total Governmental Activities</i>	<u>\$ 3,590,596</u>	<u>\$ 2,185,065</u>	<u>\$ 1,490,230</u>	<u>84,699</u>
General Revenues:				
Miscellaneous				28,565
<i>Total General Revenues</i>				28,565
<i>Change in Net Assets</i>				113,264
<i>Net Assets Beginning of Year</i>				920,324
<i>Net Assets End of Year</i>				<u>\$ 1,033,588</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2005*

	<u>General Fund</u>	<u>Bioterrorism Grant</u>	<u>WIC Administration</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 352,128	\$ 55,277	\$ 47,450	\$ 337,010	\$ 791,865
Accounts Receivable	3,932	0	0	357	4,289
Interfund Receivable	110,273	0	0	0	110,273
Intergovernmental Receivable	0	77,184	306,468	28,349	412,001
Prepaid Items	619	0	0	0	619
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 466,952</u>	<u>\$ 132,461</u>	<u>\$ 353,918</u>	<u>\$ 365,716</u>	<u>\$ 1,319,047</u>
<b>LIABILITIES:</b>					
Accounts Payable	3,635	0	387	25,289	29,311
Accrued Wages and Benefits	36,078	3,578	13,994	29,905	83,555
Intergovernmental Payable	15,270	753	2,526	10,247	28,796
Interfund Payable	0	30,000	30,000	50,273	110,273
Deferred Revenue	0	77,184	203,850	10,860	291,894
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	<u>54,983</u>	<u>111,515</u>	<u>250,757</u>	<u>126,574</u>	<u>543,829</u>
<b>FUND BALANCES:</b>					
Reserved:					
Reserved for Encumbrances	0	0	0	2,572	2,572
Reserved for Advance	100,273	0	0	0	100,273
Unreserved, Undesignated, Reported in:					
General Fund	311,696	0	0	0	311,696
Special Revenue Funds	0	20,946	103,161	236,570	360,677
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>411,969</u>	<u>20,946</u>	<u>103,161</u>	<u>239,142</u>	<u>775,218</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 466,952</u>	<u>\$ 132,461</u>	<u>\$ 353,918</u>	<u>\$ 365,716</u>	<u>\$ 1,319,047</u>

See accompanying notes to the basic financial statements



**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*December 31, 2005*

<b>Total Governmental Fund Balances</b>	<b>\$</b>	<b>775,218</b>
 <i><b>Amounts reported for governmental activities in the statement of net assets are different because</b></i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		152,777
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental Revenues		291,894
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences		<u>(186,301)</u>
<i>Net Assets of Governmental Activities</i>	<b>\$</b>	<b><u>1,033,588</u></b>

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	<u>General Fund</u>	<u>Bioterrorism Grant</u>	<u>WIC Administration</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Charges for Services	\$ 87,209	\$ 0	\$ 0	\$ 437,553	\$ 524,762
Licenses and Permits	1,108,658	0	0	429,435	1,538,093
Intergovernmental	757,386	178,855	499,289	149,059	1,584,589
Other	28,565	0	0	122,210	150,775
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	<i>1,981,818</i>	<i>178,855</i>	<i>499,289</i>	<i>1,138,257</i>	<i>3,798,219</i>
EXPENDITURES:					
Current:					
Health:					
Environmental Health	1,007,958	0	0	397,935	1,405,893
Community Health Services	0	0	403,229	669,631	1,072,860
Health Planning and Promotion	0	202,281	0	38,577	240,858
Administration	863,664	0	0	0	863,664
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	<i>1,871,622</i>	<i>202,281</i>	<i>403,229</i>	<i>1,106,143</i>	<i>3,583,275</i>
<i>Net Change in Fund Balance</i>	<i>110,196</i>	<i>(23,426)</i>	<i>96,060</i>	<i>32,114</i>	<i>214,944</i>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<i>301,773</i>	<i>44,372</i>	<i>7,101</i>	<i>207,028</i>	<i>560,274</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Fund Balance (Deficit) at End of Year</i>	<i>\$ 411,969</i>	<i>\$ 20,946</i>	<i>\$ 103,161</i>	<i>\$ 239,142</i>	<i>\$ 775,218</i>
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See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2005*

**Net Change in Fund Balances - Total Governmental Funds** \$ 214,944

***Amounts reported for governmental activities in the  
statement of activities are different because***

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	68,736	
Depreciation expense	<u>(42,418)</u>	
Excess of capital outlay over depreciations		26,318

Certain licenses and other revenues that do not provide current financial resources are not reported as revenues in the fund.

Intergovernmental revenue	(94,359)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences Payable	<u>(33,639)</u>
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<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 113,264</u></u>
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**CLERMONT COUNTY GENERAL HEALTH DISTRICT****CLERMONT COUNTY***Statement of Revenues**Expenditures and Changes in**Fund Balance - Budget and Actual**(Non-GAAP Budgetary Basis)**For the Year Ended December 31, 2005***General Fund**

	Original Budget	Final Budget	Actual	Variance with Final budget Positive (Negative)
Revenues:				
Charges for services	\$ 72,000	\$ 78,500	\$ 85,805	\$ 7,305
Licenses and permits	975,000	975,000	1,110,034	135,034
Intergovernmental	758,131	758,131	757,386	(745)
Other revenues	<u>24,333</u>	<u>24,333</u>	<u>28,565</u>	<u>4,232</u>
Total revenues	<u>1,829,464</u>	<u>1,835,964</u>	<u>1,981,790</u>	<u>145,826</u>
Expenditures:				
Current:				
Administration	854,464	862,816	860,631	2,185
Environmental health	<u>975,000</u>	<u>1,212,400</u>	<u>1,003,128</u>	<u>209,272</u>
Total expenditures	<u>1,829,464</u>	<u>2,075,216</u>	<u>1,863,759</u>	<u>211,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>(239,252)</u>	<u>118,031</u>	<u>357,283</u>
Other financing sources (uses):				
Advances (out)	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
Net Change in Fund Balance	0	(249,252)	108,031	357,283
Fund balance at beginning of year	<u>244,097</u>	<u>244,097</u>	<u>244,097</u>	<u>0</u>
Fund balance at end of year	<u>\$ 244,097</u>	<u>\$ (5,155)</u>	<u>\$ 352,128</u>	<u>\$ 357,283</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT****CLERMONT COUNTY***Statement of Revenues**Expenditures and Changes in**Fund Balance - Budget and Actual**(Non-GAAP Budgetary Basis)**For the Year Ended December 31, 2005****Bioterrorism Grant Special Revenue Fund***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 185,993	\$ 277,465	\$ 178,855	\$ (98,610)
Total revenues	<u>185,993</u>	<u>277,465</u>	<u>178,855</u>	<u>(98,610)</u>
Expenditures:				
Current:				
Health planning and promotion	185,993	277,465	202,458	75,007
Total expenditures	<u>185,993</u>	<u>277,465</u>	<u>202,458</u>	<u>75,007</u>
Net Change in Fund Balance	0	0	(23,603)	(23,603)
Fund balance at beginning of year	<u>78,880</u>	<u>78,880</u>	<u>78,880</u>	<u>0</u>
Fund balance at end of year	<u>\$ 78,880</u>	<u>\$ 78,880</u>	<u>\$ 55,277</u>	<u>\$ (23,603)</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**

**CLERMONT COUNTY**

*Statement of Revenues*

*Expenditures and Changes in*

*Fund Balance - Budget and Actual*

*(Non-GAAP Budgetary Basis)*

*For the Year Ended December 31, 2005*

**WIC Administration Special Revenue Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 384,551	\$ 484,551	\$ 439,763	\$ (44,788)
Total revenues	<u>384,551</u>	<u>484,551</u>	<u>439,763</u>	<u>(44,788)</u>
Expenditures:				
Current:				
Community health services	<u>384,551</u>	<u>484,551</u>	<u>398,128</u>	<u>86,423</u>
Total expenditures	<u>384,551</u>	<u>484,551</u>	<u>398,128</u>	<u>86,423</u>
Net Change in Fund Balance	0	0	41,635	41,635
Fund balance at beginning of year	<u>5,815</u>	<u>5,815</u>	<u>5,815</u>	<u>0</u>
Fund balance at end of year	<u>\$ 5,815</u>	<u>\$ 5,815</u>	<u>\$ 47,450</u>	<u>\$ 41,635</u>

See accompanying notes to the basic financial statements

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 1 – Reporting Entity**

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits and emergency response planning.

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

As required by generally accepted accounting principles, the financial statements present the Health District (the primary government). The primary government includes all funds, departments and boards for which the Health District is financially accountable. The Health District does not have any component units.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Health District have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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, 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. Governmental activities generally are financed through payments from townships and villages, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the financial condition of the governmental activities for the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Health District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operation of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Health District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing 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 funds of the Health District are presented in one category; governmental.

Governmental Funds

Governmental funds are those through which all governmental functions of the Health District are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Health District's major governmental funds:

*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.

*WIC Administration Special Revenue Fund* – The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children program.

*Bioterrorism Special Revenue Fund* – The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts.

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



**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 2 - Summary of Significant Accounting Policies** (continued)

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the Statement of Net Assets. The Statement of Activity presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Health District, available means expected to be received within thirty days of year-end.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Non-exchange transactions, in which the Health District receives value without directly giving equal value in return include monies from villages, townships, and the City of Milford, grants, entitlements and donations. Revenue from township and village monies, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: grants and charges for services.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The budget determines the amount of money that is needed from the townships, villages and the City of Milford. The certificate of estimated resources establishes a limit on the amount the Health District may appropriate. 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 Health District. The legal level of control has been established by Health District at the fund, department, and object level for all funds.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 2 - Summary of Significant Accounting Policies** (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Health District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the County Board of Health.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original 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 County Board of Health during the year.

**F. Cash and Investments**

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Clermont County Auditor, Linda L. Fraley, 101 E Main St. 2nd Floor, Batavia, Ohio 45103, [www.clermontauditor.org](http://www.clermontauditor.org), (513) 732-7150.

**G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

**H. Capital Assets**

Capital assets, which include vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 2 - Summary of Significant Accounting Policies** (continued)

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	5-10
Furniture & Equipment	5-10

**I. Interfund Transactions**

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

**J. Compensated Absences**

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees eligible to retire under a District recognized retirement plan, with a minimum of ten years of service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, personal and compensation payments are made at employees' current wage rates.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligation of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**L. Net Assets**

Net Assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Board of Health or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. 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. Net assets restricted for other purposes are restricted by grantors and regulations of other governments.

**M. 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 for long-term advances.

**N. Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**O. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 3 – Budgetary Basis of Accounting**

While the Health District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general and each major special revenue fund is presented in the Basic Financial Statements to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

**Note 3 – Budgetary Basis of Accounting** (continued)

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (Budget) as opposed to balance sheets transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

**Net Change in Fund Balance  
General and Major Special Revenue Funds**

	<u>General</u>	<u>Bioterrorism</u>	<u>WIC Administration</u>
GAAP Basis	\$ 110,196	\$ (23,426)	\$ 96,060
Net Adjustment for Revenue Accruals	(28)	0	(59,526)
Net Adjustment for Expenditure Accruals	7,863	(177)	5,101
Net Adjustment for Advances	(10,000)	0	0
Budget Basis	<u>\$ 108,031</u>	<u>\$ (23,603)</u>	<u>\$ 41,635</u>

**Note 4 – Change in Basis of Accounting and Restatement of Prior Year Net Assets**

For fiscal year 2005, the Health District implemented generally accepted accounting principles and GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments. GASB 34 creates new basic financial statements for report the Health District financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

**Note 4 – Change in Basis of Accounting and Restatement of Prior Year Net Assets**  
(continued)

	General	Bioterrorism Grant	WIC Administration	Nonmajor Funds	Total
Fund Balance December 31, 2004	\$ 244,097	\$ 78,880	\$ 5,815	\$ 304,990	\$ 633,782
Accounts Receivable	3,904	0	0	5,250	9,154
Intergovernmental Receivable	0	90,993	335,278	3,074	429,345
Interfund Receivable/(Payable)	100,273	(30,000)	(30,000)	(40,273)	0
Prepaid Expenses	1,180	0	368	858	2,406
Accounts Payable	(3,863)	(458)	(806)	(21,019)	(26,146)
Accrued Wages	(35,638)	(3,407)	(9,569)	(33,185)	(81,799)
Intergovernmental Payable	(8,180)	(643)	(1,799)	(9,593)	(20,215)
Deferred Revenue	0	(90,993)	(292,186)	(3,074)	(386,253)
Adjusted Fund Balance December 31, 2004	\$301,773	\$44,372	\$7,101	\$207,028	560,274
GASB 34 Adjustments					
Capital Assets, net					126,459
Long term liabilities					(152,662)
Deferred Revenue					386,253
Governmental Activities Net Assets, December 31, 2004					\$ 920,324

**Note 5 – Receivables**

Receivables at December 31, 2005 consisted of charges for services, interfund and intergovernmental receivables arising from grants. A summary of the items of intergovernmental receivables follows:

Bioterrorism Grant	\$	77,184	
WIC		306,468	
Safe Communities		21,447	
PHHS Block Grant		6,902	
Total	\$	412,001	

**Note 6 - Capital Assets**

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance 12/31/2004	Additions	Reductions	Balance 12/31/2005
<b>Governmental Activities</b>				
Capital Assets being depreciated:				
Furniture, Fixtures, and Equipment	\$ 349,967	\$ 68,736	\$ 0	\$ 418,703
Total Capital Assets at Historical cost being depreciated	349,967	68,736	0	418,703
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	223,508	42,418	0	265,926
Total Accumulated Depreciation	223,508	42,418	0	265,926
Governmental Activities Capital Assets, Net	\$ 126,459	\$ 26,318	\$ 0	\$ 152,777

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

**Note 6 - Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

Environmental Health	\$24,168
Community Health Services	850
Health Promotion and Planning	\$4,272
Administration	\$13,128
Total Depreciation Expense - Governmental Activities	\$42,418

**Note 7 – Interfund Receivables/Payables**

Individual fund interfund assets/liabilities balances as of December 31, 2005, related to the primary government were as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	<b>ASSET</b>	<b>LIABILITY</b>
	Interfund Receivable	Interfund Payable
General	\$110,273	
Bioterrorism Grant		30,000
WIC		30,000
Nonmajor Governmental Funds		50,273
<b>TOTAL</b>	<b>\$110,273</b>	<b>\$110,273</b>

During 2005, the Health District's General Fund made advances to the nonmajor governmental funds in the amount of \$10,000 in anticipation of intergovernmental grant revenue.

**Note 8 – Amendments to Original Appropriations Budget**

Amendments beyond the object level must be approved by the Board of Health. In 2005, the original appropriation measure was increased and decreased by the Board with the net effect as follows: General Fund \$6,000 and Special Revenue Funds \$366,529.

**Note 9 - Risk Management**

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

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. The Pool 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.



**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 9 - Risk Management** (continued)

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding the \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 from the General Reinsurance Corporation, through contracts with PEP.

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

Through 2004, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge the PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government. Settled claims have not exceeded coverage in any of the past five years.

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

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

**Note 9 - Risk Management** (continued)

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

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Government's share of these unpaid claims is approximately \$24,862.

The Health District is insured for \$2,000,000 per occurrence for Third Party Legal Liability, Automobile Liability, and Wrongful Acts Coverage.

The Health District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Health District has elected to provide employees life, long-term disability, dental and hospitalization insurance through third party providers. The Health District provides a life insurance policy of \$15,000 and hospitalization insurance through Anthem Blue Cross and Blue Shield. Dental insurance is provided through Dental Care Plus and long term disability is provided through The MGIS Companies. The Health District pays 80% of the premium for hospitalization, dental and long term disability insurance. The Health District also offers additional life insurance to its employees. Employees pay 100% of the premium for the additional life insurance.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 10 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

All full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS) which is a public employee retirement system created by the State of Ohio. OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan - a cost sharing multiple-employer defined benefit pension plan;
- The Member-Directed Plan - 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 member and vested employer contributions plus any investment earnings.
- The Combined Plan - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS, issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans. The employee contribution rate for 2005 was 8.5% for employees. The 2005 employer contribution rate was 13.55% of covered payroll. The Health District's contributions to PERS for the years ended December 31, 2005, 2004 and 2003 were \$261,258, \$275,444, and \$286,817 respectively, 100% has been contributed for the years 2005, 2004, and 2003.

**Note 11 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 11 - Postemployment Benefits** (continued)

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 2005 employer contribution rate was 13.55 % of covered payroll for employees not engaged in law enforcement, 4.00 % was the portion that was used to fund health care.

Assumptions and calculations were based on the System's latest Actuarial Review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.00%. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase were assumed to range from .50% to 6.30%. Health care costs were assumed to increase at the project wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years health care costs were assumed to increase at 4%.

At December 31, 2005, the total number of active contributing participants was 376,109. The 2005 rate of 4.00% was the actuarially determined contribution requirements for OPERS. As of December 31, 2004, the net assets available for future OPEB were \$10.8 billion. The Health District's actual contributions for 2005 which were used to fund OPEB were \$77,123 for employees. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The HCPP incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT**  
**CLERMONT COUNTY**

Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 12 – Other Employee Benefits**

Health District employees have the option of participating in four state-wide deferred compensation plans created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred pay and any income earned thereon is not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered “made available” just because a trust, custodial account or annuity contract holds these amounts. The Plan Agreement states that the County and the plan administrators have no liability for losses under the plan with the exception of fraud or wrongful taking.

**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.

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**CLERMONT COUNTY HEALTH DISTRICT  
CLERMONT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Health</i>			
Preventive Health and Health Services Block Grant - Injury Prevention	N/A	93.991	34,840
Immunization Grants	N/A	93.268	32,917
Centers for Disease Control and Prevention; Investigations and Technical Assistance	N/A	93.283	<u>202,458</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>270,215</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Public Safety</i>			
State and Community Highway Safety Grant	N/A	20.600	<u>39,514</u>
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>			<b>39,514</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	N/A	10.557	<u>398,128</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b><u>398,128</u></b>
<b>TOTAL</b>			<b><u>\$ 707,857</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2005**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**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.





## **Auditor of State Betty Montgomery**

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

Clermont County General Health District  
Clermont County  
2275 Bauer Road, Suite 300  
Batavia, Ohio 45103

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 Clermont County General Health District (the District) as of and for the year ended December 31, 2005, which collectively comprise the Government's basic financial statements and have issued our report thereon dated August 23, 2006, in which we noted the District adopted Governmental Accounting Standards Board Statements 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 opinion on the 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 material weaknesses.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 23, 2006



## **Auditor of State Betty Montgomery**

### **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**

Clermont County General Health District  
Clermont County  
2275 Bauer Road, Suite 300  
Batavia, Ohio 45103

To the Members of the Board:

#### **Compliance**

We have audited the compliance of the Clermont County General Health District, Clermont County, 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 the 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 programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each 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 Clermont County General Health District complied, in all material respects, with the requirements referred to above that apply to the major federal program for the year ended December 31, 2005.

#### **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 the audit committee, management, the Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 23, 2006

**CLERMONT COUNTY GENERAL HEALTH DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
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):	Center for Disease Control and Prevention, Investigations and Technical Assistance – CFDA # 93.283
<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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P.O. Box 1140  
Columbus, Ohio 43216-1140

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**GENERAL HEALTH DISTRICT  
CLERMONT 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  
SEPTEMBER 26, 2006**