



**Auditor of State
Betty Montgomery**

**GENERAL HEALTH DISTRICT
COSHOCTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Modified Cash Basis	9
Statement of Activities – Modified Cash Basis.....	10
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Women, Infants, and Children Fund	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Child and Family Health Fund.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Solid Waste Fund.....	16
Notes to the Financial Statements	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

General Health District
Coshocton County
724 South 7th Street
Coshocton, Ohio 43812

To the Health Commissioner and District Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Coshocton 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.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Coshocton County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Women, Infants and Children Fund, Child & Family Health Fund, and Solid Waste Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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 Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Betty Montgomery
Auditor of State

August 31, 2006

General Health District – Coshocton County
Management’s Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis of the District Board of Health’s financial performance provides an overall review of the Health District’s financial activities for the year ended December 31, 2005, within the limitations of the Health District’s cash basis of accounting. The intent of this discussion and analysis is to look at the Health District’s financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District’s financial performance.

Financial Highlights

Key financial highlights for the year 2005 are as follows:

- Net assets of governmental activities were \$247,776.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District’s receipts, making up almost 83 percent of all the dollars coming into the District. General receipts in the form of property taxes, unrestricted grants and miscellaneous receipts make up the other 17 percent.
- The Health District had \$925,423 in disbursements during 2005.

Using the Basic Financial Statements

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

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

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

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

Basis of Accounting

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

General Health District – Coshocton County
Management’s Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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

Reporting the Health District as a Whole

The statement of net assets and the statement of activities reflect how the Health District did financially during 2005, within the limitations of the modified cash basis of accounting. The Statement of Net Assets – Modified Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Modified Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District’s general receipts.

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

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

Reporting the Health District’s Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Health District’s major funds – not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Health District are governmental

Governmental Funds - The Health District’s activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District’s governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District’s health programs. The Health District’s significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District’s major governmental funds are the General Fund, the Women, Infants and Children, Child & Family Health, and Solid Waste Funds. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

General Health District – Coshocton County
Management’s Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The Health District as a Whole

Table 1 provides a summary of the Health District’s net assets for 2005 on a modified cash basis:

Table 1
Net Assets – Cash Basis

	<u>Governmental Activities</u>
	<u>2005</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$247,776</u>
Net Assets	
Restricted for Other Purposes	184,639
Unrestricted	<u>63,137</u>
Total Net Assets	<u><u>\$247,776</u></u>

General Health District – Coshocton County
Management’s Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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

Table 2
Changes in Net Assets

	Governmental Activities
	2005
Receipts	
Program Cash Receipts	
Charges for Services	\$191,363
Operating Grants and Contributions	539,310
Total Program Cash Receipts	730,673
General Receipts	
Property Taxes Levied for	
General Health District Purposes	79,784
Grants and Entitlements not Restricted	
to Specific Programs	41,070
Miscellaneous	26,581
Total General Receipts	147,435
Total Receipts	878,108
Disbursements	
General Health	425,446
General Environmental Health	119,120
Community Health Services	
WIC	146,347
Child and Family Health Services	234,510
Total Disbursements	925,423
Change in Net Assets	(47,315)
Net Assets Beginning of Year	295,091
Net Assets End of Year	\$247,776

In 2005, 17 percent of the Health District’s total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 83 percent of the Health District’s total receipts in year 2005. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants and donations.

General Health District – Coshocton County
 Management’s Discussion and Analysis
 For the Year Ended December 31, 2005
 Unaudited

Governmental Activities

If you look at the Statement of Activities – Modified Cash Basis, you will see the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general environmental health and general health administration, which account for 13% and 46% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3
 Governmental Activities**

	Total Cost of Services 2005	Net Cost of Services 2005
General Health	\$425,446	(\$138,585)
General Environmental Health	119,120	730
Community Health Services		
WIC	146,347	6,812
Child and Family Health Services	234,510	(63,707)
Total Distribution	\$925,423	(\$194,750)

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 16 percent of health costs are supported through property taxes, unrestricted grants and other general receipts.

The Health District’s Funds

The governmental funds had total receipts of \$878,108 and disbursements of \$925,423. The governmental funds had a decrease in the cash balance of \$47,315.

General Fund Budgeting Highlights

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

During the course of 2005, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts or appropriations.

General Health District – Coshocton County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Wendy Wilson, Fiscal Administrator, General Health District, 724 South 7th Street, Coshocton, Ohio, 43812.

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

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$247,776
Net Assets	
Restricted for:	
Other Purposes	184,639
Unrestricted	<u>63,137</u>
<i>Total Net Assets</i>	<u><u>\$247,776</u></u>

See accompanying notes to the basic financial statements

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

	General	Women, Infants, and Children	Child & Family Health	Solid Waste	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$40,137	\$27,125	\$32,724	\$100,906	\$46,884	\$247,776
Fund Balances						
Reserved:						
Reserved for Encumbrances	1,540	354	1,190	49	646	3,779
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	38,597					38,597
Special Revenue Funds		26,771	31,534	100,857	46,238	205,400
<i>Total Fund Balances</i>	<u>\$40,137</u>	<u>\$27,125</u>	<u>\$32,724</u>	<u>\$100,906</u>	<u>\$46,884</u>	<u>\$247,776</u>

See accompanying notes to the basic financial statements

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

	General	Women, Infants, and Children	Child & Family Health	Solid Waste	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$79,784					\$79,784
Intergovernmental	170,381	\$ 153,159	\$ 162,170	\$ 53,600		539,310
Fines, Licenses and Permits	44,397			66,250	\$ 68,970	179,617
Contributions			41,070			41,070
Charges for Services	3,113		8,633			11,746
Miscellaneous	12,984	1,621	10,857	598	521	26,581
<i>Total Receipts</i>	<u>310,659</u>	<u>154,780</u>	<u>222,730</u>	<u>120,448</u>	<u>69,491</u>	<u>878,108</u>
Disbursements						
Current:						
General Health Services	355,463				69,983	425,446
General Environmental Health				119,120		119,120
Community Health Services						
WIC		146,347				146,347
Child and Family Health Services			234,510			234,510
<i>Total Disbursements</i>	<u>355,463</u>	<u>146,347</u>	<u>234,510</u>	<u>119,120</u>	<u>69,983</u>	<u>925,423</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,804)</u>	<u>8,433</u>	<u>(11,780)</u>	<u>1,328</u>	<u>(492)</u>	<u>(47,315)</u>
<i>Fund Balances Beginning of Year</i>	<u>84,941</u>	<u>18,692</u>	<u>44,504</u>	<u>99,578</u>	<u>47,376</u>	<u>295,091</u>
<i>Fund Balances End of Year</i>	<u>\$40,137</u>	<u>\$27,125</u>	<u>\$32,724</u>	<u>\$100,906</u>	<u>\$46,884</u>	<u>\$247,776</u>

See accompanying notes to the basic financial statements

General Health District
Coshocton County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$80,000	\$80,000	\$79,784	(\$216)
Intergovernmental	141,929	173,938	170,381	(3,557)
Fines, Licenses and Permits	59,775	50,500	44,397	(6,103)
Charges for Services	6,000	4,000	3,113	(887)
Miscellaneous	5,335	9,485	12,984	3,499
<i>Total Receipts</i>	<u>293,039</u>	<u>317,923</u>	<u>310,659</u>	<u>(7,264)</u>
Disbursements				
Current:				
General Health Services	319,785	372,987	355,463	(17,524)
<i>Total Disbursements</i>	<u>319,785</u>	<u>372,987</u>	<u>355,463</u>	<u>(17,524)</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(26,746)</u>	<u>(55,064)</u>	<u>(44,804)</u>	<u>10,260</u>
<i>Fund Balances Beginning of Year</i>	<u>84,941</u>	<u>84,941</u>	<u>84,941</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$58,195</u>	<u>\$29,877</u>	<u>\$40,137</u>	<u>\$10,260</u>

See accompanying notes to the basic financial statements

**General Health District
Coshocton County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Women, Infants, and Children Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 142,321	\$ 142,321	\$ 153,159	\$ 10,838
Miscellaneous	1,117	1,117	1,621	504
<i>Total Receipts</i>	<u>143,438</u>	<u>143,438</u>	<u>154,780</u>	<u>11,342</u>
Disbursements				
Current:				
Community Health Services				
WIC	<u>145,219</u>	<u>147,724</u>	<u>146,347</u>	<u>(1,377)</u>
<i>Total Disbursements</i>	<u>145,219</u>	<u>147,724</u>	<u>146,347</u>	<u>(1,377)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,781)</u>	<u>(4,286)</u>	<u>8,433</u>	<u>12,719</u>
<i>Fund Balances Beginning of Year</i>	<u>18,692</u>	<u>18,692</u>	<u>18,692</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$16,911</u></u>	<u><u>\$14,406</u></u>	<u><u>\$27,125</u></u>	<u><u>\$12,719</u></u>

See accompanying notes to the basic financial statements

General Health District
Coshocton County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Child & Family Health Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Contributions	\$37,000	\$40,306	\$41,070	\$764
Intergovernmental	265,802	151,191	162,170	10,979
Charges for Services	9,100	8,351	8,633	282
Miscellaneous	2,000	\$13,888	10,857	(3,031)
<i>Total Receipts</i>	<u>313,902</u>	<u>213,736</u>	<u>222,730</u>	<u>8,994</u>
Disbursements				
Current:				
Community Health Services				
Child and Family Health Services	317,487	237,609	234,510	(3,099)
<i>Total Disbursements</i>	<u>317,487</u>	<u>237,609</u>	<u>234,510</u>	<u>(3,099)</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(3,585)</u>	<u>(23,873)</u>	<u>(11,780)</u>	<u>12,093</u>
<i>Fund Balances Beginning of Year</i>	<u>855,817</u>	<u>855,817</u>	<u>44,504</u>	<u>(811,313)</u>
<i>Fund Balances End of Year</i>	<u>\$852,232</u>	<u>\$831,944</u>	<u>\$32,724</u>	<u>(\$799,220)</u>

See accompanying notes to the basic financial statements

General Health District
Coshocton County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Solid Waste Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$54,949	\$54,949	\$53,600	(\$1,349)
Fines, Licenses and Permits	66,025	66,025	66,250	225
Miscellaneous	495	495	598	103
<i>Total Receipts</i>	121,469	121,469	120,448	(1,021)
Disbursements				
Current:				
General Environmental Health	124,354	127,849	119,120	(8,729)
<i>Total Disbursements</i>	124,354	127,849	119,120	(8,729)
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,885)	(6,380)	1,328	7,708
<i>Fund Balances Beginning of Year</i>	99,578	99,578	99,578	0
<i>Fund Balances End of Year</i>	\$96,693	\$93,198	\$100,906	\$7,708

See accompanying notes to the basic financial statements

General Health District
Coshocton County

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

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 and the issuance of health-related licenses and permits.

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

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

General Health District
Coshocton County

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

Note 2 - Summary of Significant Accounting Policies (continued)

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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.

Women, Infants and Children (WIC) Fund – This is a federal grant fund that is used to account for the special Supplemental Nutrition Program.

Child & Family Health Fund – This a combination of federal and state grant funds used to fund services for well children and pregnant women.

Solid Waste Fund – This fund is used to account for permits issued and grants from the Four County Solid Waste District.

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

C. Basis of Accounting

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

General Health District
Coshocton County

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

D. Budgetary Process

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

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.

E. 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 County.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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.

General Health District
Coshocton County

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

Note 2 - Summary of Significant Accounting Policies (continued)

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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 resources restricted for grant purposes. 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

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.

N. Interfund Transactions

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

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Health District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Health District has implemented the modified cash basis of accounting described in Note 2. 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.

General Health District
Coshocton County

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

Note 4 - Budgetary Basis of Accounting

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

General Fund	\$1,540
Major Special Revenue Funds:	
Women, Infants, and Children	354
Child & Family Health	1,190
Solid Waste	49

Note 5 - Risk Management

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

Casualty Coverage

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

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for 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.

General Health District
Coshocton County

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

Note 5 - Risk Management (continued)

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 township.

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:

<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 \$9,874.

General Health District
Coshocton County

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

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2005, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The Health District's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$70,233, \$58,791, and \$55,468, respectively. The full amount has been contributed for 2005, 2004, and 2003.

Note 7- Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4.00 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, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

General Health District
Coshocton County

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

Note 7- Postemployment Benefits (continued)

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,487. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

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

Note 8 – Contingent Liabilities

The Health District was a defendant in two lawsuits. Both lawsuits were voluntarily dismissed on March 22, 2006 and resulted in minor attorney fees that will not affect the District's financial condition.

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



**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**

General Health District
Coshocton County
724 South 7th Street
Coshocton, Ohio 43812

To the Health Commissioner and District Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of General Health District, Coshocton County, Ohio, (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 August 31, 2006. 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.

In a separate letter to the District's management dated August 31, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

We intend this report solely for the information and use of the audit committee, management and the District Board of Health. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 31, 2006



**Auditor of State
Betty Montgomery**

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GENERAL HEALTH DISTRICT

COSHOCTON 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
NOVEMBER 9, 2006**