



Mary Taylor, CPA
Auditor of State

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Auglaize County General Health District
Auglaize County
214 South Wagner Street
Wapakoneta, Ohio 45895

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 Auglaize County General Health District, Auglaize County, (the District), as of and for the year ended December 31, 2008, 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 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Auglaize County General Health District, Auglaize County, as of December 31, 2008, and the respective changes in cash financial position thereof and the respective budgetary comparisons for the General, Women, Infants, and Children (WIC), and Public Health Infrastructure Funds (PHI) Funds for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2009, 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.

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

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

Mary Taylor, CPA
Auditor of State

May 19, 2009

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

This discussion and analysis of the Auglaize County Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2008, within the limitations of the District's cash basis of accounting. Readers should review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2008 are as follows:

- Net assets of governmental activities increased \$29,501 or 5.3 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Public Health Infrastructure grant fund.
- Total receipts increased by 2.5 percent and there was a 2.9 percent increase in total disbursements in 2008 as compared to 2007. The greatest increases in expenditures, across all funds, were for supplies. Major supplies purchases include new software packages for billing and computer data security. In addition, the total costs for vaccines increased by \$5,425, or 9.9 percent, over 2007. Part of this increase is due to the addition of two new, relatively high-cost vaccines for adolescents and adults (Gardasil to prevent Human Papillovirus infection and Zostavax to prevent shingles infection) to the District's vaccine inventory. More doses of all vaccines were purchased in 2008, as the Immunizations clinics were more heavily utilized than in 2007; 227 (6%) more clients were served and 12% (1,086) more doses of vaccine were administered.
- The District's general receipts are primarily property and other local taxes. These receipts represent 34 percent of the total cash received for District activities during the year. Property and other local tax receipts for 2008 decreased from 2007 by 6.5 percent.

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 District's cash basis of accounting.

Report Components

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

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

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting The Health District As A Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2008, within the limitations of cash basis of accounting. The statement of net assets presents the cash balances of the activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's services, and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identified how each governmental function draws from the District's general receipts.

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

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

Reporting The District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The district's major governmental funds are the General Fund, the Public Health Infrastructure (PHI) Grant Fund, and the Women, Infants and Children (WIC) Grant Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)
(Continued)**

The District As A Whole

Table I provides a summary of the District's net assets for 2008 compared to 2007 on a cash basis:

**(Table 1)
Net Assets**

	2008	2007
Assets:		
Cash and Cash Equivalents	\$589,055	\$559,554
Total Assets	<u>589,055</u>	<u>559,554</u>
Net Assets:		
Restricted	166,973	102,815
Unrestricted	422,082	456,739
Total Net Assets	<u>\$589,055</u>	<u>\$559,554</u>

As mentioned previously, net assets of governmental activities increased \$29,501, or 5.3 percent, during 2008. Receipts increased \$48,609, or approximately 2.5 percent over 2007, while disbursements increased \$55,526 approximately 2.9 percent. The primary reasons for the changes are as follows:

- There was a reduction of \$48,010, or 6.6 percent, in the amount of income from local tangible property tax receipts in comparison to the previous year, due to changes in state law that require the phased elimination of that tax. The implementation of the Commercial Activity Tax as a "replacement" will not be beneficial to the District, as income from that tax is not apportioned to the District.
- 2008 grant income in the District's largest grant, the PHI was significantly (\$81,602, or 27.4%) higher than in 2007. The increase in income was not due to an increase in the grant award, as the FY2009 award is actually \$16,337 less than the previous fiscal year's award, but rather to timing of the receipt of quarterly grant payments. The PHI fiscal year runs from August 10 through August 9. The FY2008 quarterly payment that had been due on December 1, 2007, arrived on January 15, 2008; and the FY2009 quarterly payment due December 1, 2008, arrived on December 12, 2008. Thus, the calendar year's income included 75 percent of FY2008's total award and 58 percent of the FY2009 total award.
- There were small, insignificant (less than 1 percent) decreases in expenditures for salaries and employer contributions to Medicare tax and Ohio Public Employees Retirement System, despite annual employee pay increases of 3 percent that went into effect in January, 2008. One position was eliminated, and one changed from full time to part time (both those positions funded solely by the PHI grant). Though the premium rates for the District's employee health insurance plan rose approximately 10 percent in January, total yearly expenditures for employee health insurance rose by only 5 percent. This was due in large part to the loss of three employees and their subsequent removal from the plan. One of the employees who left was not replaced, and the two new hires were in the plan only part of the year (and as they are younger, their premium rates are lower than the previous employees). Income from employees' premium co-pays rose by \$17,760 or 78 percent over 2007, as the District fully implemented its plan to increase employee' share of health insurance costs, to partially offset the annual rise in health insurance premium rates.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)
(Continued)**

- Expenditures for basic services, as the cost of doing business, rose moderately. The District's premium for liability insurance, provided by Public Entities Pool of Ohio, rose approximately 18.9 percent over 2007. This resulted from a request by the Women's Health Medical Director, who provides professional medical consultation and supervision of the Women's Health Nurse Practitioner through a contractual arrangement, to be added to the District's policy as an additional insured. A separate certificate was issued, at an additional cost of \$1,730 beyond the district's premium of \$9,250, which had increased only \$12 above 2007's premium.
- Total lease payments for the District's office building were \$8,000, or 12.5 percent, higher than the previous year, as the provision for an automatic increase to \$6,000 per month that had become effective in August of 2007 was in effect for the full year. The lease payments will remain fixed at that amount throughout the remaining term of the lease. Total utility and maintenance costs remained essentially the same as in 2007, with payments for electricity, water usage, and natural gas rising by only 2 percent. There was a significant (20.9 percent) decrease in charges for basic telephone and long distance services; this is attributed to the increased use of email by all staff members as a primary means of communication.
- Disbursements for aggregate contract services increased by \$39,255, or 13.3 percent. In the PHI grant, a new contract was added with Allen County Health Department, to provide Community Health Surveillance services (which had previously been provided by a District employee). A total of \$34,379 was expended for this contract. In addition, a one-year contract with Hospital Council of Northwest Ohio was funded through the CFHS grant beginning in the last half of 2007; 75% of the total contract was paid in 2008.

Table 2 reflects the changes in net assets in 2008. A comparative analysis of District-wide data from 2007 to 2008 is presented.

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

	Governmental Activities 2008	Governmental Activities 2007
Receipts:		
Program Receipts:		
Charges for Services	\$ 394,573	\$ 387,080
Operating Grants	645,150	613,165
Total Program Receipts	1,039,723	1,000,245
General Receipts:		
Property and Other Local Taxes	688,185	736,195
Grants and Entitlements not Restricted to Other Programs	226,028	178,849
Miscellaneous	54,406	44,444
Total General Receipts	968,619	959,488
Total Receipts	2,008,342	1,959,733

(Continued)

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)
(Continued)**

**(Table 2)
Changes In Net Assets
(Continued)**

	Governmental Activities 2008	Governmental Activities 2007
Disbursements:		
General Environmental Health	1,287,063	1,204,009
Food	72,629	79,146
Pools	4,701	3,851
Water	11,082	16,513
Camps/Manufactured Homes	5,003	5,971
WIC	139,234	125,093
Immunizations	45,002	44,781
Child and Family Health Services	29,369	36,412
Other Community Health Services	79,326	93,331
Public Health Infrastructure	305,432	314,208
Total Disbursements	<u>1,978,841</u>	<u>1,923,315</u>
Increase (decrease) in Net Assets	29,501	36,418
Net Assets January 1	559,554	523,136
Net Assets December 31	<u>\$ 589,055</u>	<u>\$559,554</u>

Program receipts represent 52 percent of total receipts and are primarily comprised of state and federal grants, which make up 62 percent of total program receipts; and licenses, permits and fees for various services.

General receipts represent 48 percent of the District's total receipts, and of this amount, over 71 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the District that must be used to provide a specific service.

The Net Cost (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers and state subsidies. These net costs are paid from the general receipts that are presented at the bottom of the Statement.

A comparison between the total cost of services and the net cost for both the current and prior year is presented in Table 3.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)
(Continued)**

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services
	2008	2008	2007	2007
General Environmental Health	\$1,287,063	\$1,013,334	\$1,204,009	\$939,862
Food	72,629	424	79,146	3,114
Pools	4,701	(649)	3,851	(324)
Water	11,082	(2,945)	16,513	6,704
Camps/Manufactured Homes	5,003	(2,043)	5,971	596
WIC	139,234	17,982	125,093	(38,642)
Immunizations	45,002	5,002	44,781	(4,007)
Child and Family Health Services	29,369	(3,700)	36,412	1,909
Other Community Health Services	79,326	(14,015)	93,331	(2,248)
Public Health Infrastructure	305,432	(74,272)	314,208	16,106
Total	<u>\$1,978,841</u>	<u>\$939,118</u>	<u>\$1,923,315</u>	<u>\$923,070</u>

The District's Funds

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

The focus of the District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

Total Governmental funds had receipts of \$1,960,751 and disbursements of \$1,978,841. The greatest change within governmental funds occurred within the Public Health Infrastructure fund, the balance of which increased as the result of timing of quarterly payments from the Ohio Department of Health.

Receipts were less than disbursements in seven of the District's thirteen funds, but a significant cash transfer from the General Fund was necessary only in the Homemaker Services and Salary Reserve fund accounts. The cash transfer of \$31,000 or 34 percent of the Homemaker account's total expenditures was necessary because the Homemaker Services program is subsidized heavily by local tax receipts; grant funding is no longer available to the District for those purposes, and raising fees high enough to completely cover the cost is not feasible in the foreseeable future. The cash transfers in the Salary Reserve account was planned as it is the method for funding the account, in anticipation of a number of staff retirements in the next five years.

Budgeting Highlights

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

The most significant budgeted fund is the General Fund. Total final disbursements were budgeted at \$1,349,352 while total actual disbursements were \$1,216,908.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)
(Continued)**

Capital Assets And Debt

Capital Assets - The District does not currently report its capital assets and infrastructure. The District has not made plans to report this, as it is not required by current law.

Debt - At December 31, 2008, the District's outstanding debt included future lease payments for the office facility as well as accumulated sick and vacation leave balances for the District's employees. For further information regarding the District's lease, refer to Note 9 in the notes to the basic financial statements.

Current Issues

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes, and the county's industry is now in the early stages of recovering from a downturn in the past few years. The 2005 passage of a replacement levy for operating expenses allows for moderate increases in the total dollar amount in local tax receipts in the next two years. With these resources, along with conservative spending, the District can continue its slow rate of financial growth, and can be assured that basic service provision can continue even with shrinkage of grant funding. We plan to continue the same programs, with only minor changes, for the next three years.

Contacting The District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Health District's finances and to reflect the Health District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Charlotte Parsons, Health Commissioner, Auglaize County Health District, 214 South Wagner St., Wapakoneta, Ohio 45895.

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**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$589,055
Total Assets	<u>589,055</u>
Net Assets	
Restricted for:	
Other Purposes	166,971
Unrestricted	422,084
Total Net Assets	<u>\$589,055</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Environmental Health:				
General Environmental Health	\$1,287,063	\$273,729		(\$1,013,334)
Food	72,629	72,205		(424)
Pools	4,701	5,350		649
Water	11,082	14,027		2,945
Camps/Manufactured Homes	5,003	7,046		2,043
Community Health Services:				
WIC	139,234		\$121,252	(17,982)
Immunizations	45,002		40,000	(5,002)
Child and Family Health Services	29,369		33,069	3,700
Other Community Health Services	79,326	22,216	71,125	14,015
Health Promotion and Planning:				
Public Health Infrastructure	305,432		379,704	74,272
Total Governmental Activities	\$1,978,841	\$394,573	\$645,150	(939,118)
General Receipts				
				688,185
				226,028
				54,406
				968,619
				29,501
				559,554
				\$589,055

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Public Health Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$422,084	\$21,023	\$83,879	\$62,069	\$589,055
Total Assets	<u>422,084</u>	<u>21,023</u>	<u>83,879</u>	<u>62,069</u>	<u>589,055</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	9,936	76	46,139	1,366	57,517
Unreserved:					
Undesignated, Reported in:					
General Fund	412,148				412,148
Special Revenue Funds		20,947	37,740	60,703	119,390
Total Fund Balances	<u>\$422,084</u>	<u>\$21,023</u>	<u>\$83,879</u>	<u>\$62,069</u>	<u>\$589,055</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Public Health Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts					
Intergovernmental	\$226,028	\$121,252	\$379,704	\$144,194	\$871,178
Property Taxes	684,632				684,632
Subdivisions	3,553				3,553
Licenses and Permits	18,740			98,628	117,368
Fees	203,714			26,740	230,454
Contract Services	6,665			40,086	46,751
Other Receipts	5,656	147	162	850	6,815
Total Receipts	<u>1,148,988</u>	<u>121,399</u>	<u>379,866</u>	<u>310,498</u>	<u>1,960,751</u>
Disbursements					
Current:					
Environmental Health:					
General Environmental Health	1,206,972			80,091	1,287,063
Food				72,629	72,629
Pools				4,701	4,701
Water				11,082	11,082
Camps/Manufactured Home Parks				5,003	5,003
Community Health Services:					
WIC		139,234			139,234
Immunizations				45,002	45,002
Child and Family Health Services				29,369	29,369
Other Community Health Services				79,326	79,326
Health Promotion and Planning:					
Public Health Infrastructure			305,432		305,432
Total Disbursements	<u>1,206,972</u>	<u>139,234</u>	<u>305,432</u>	<u>327,203</u>	<u>1,978,841</u>
Excess of Receipts Over/ (Under) Disbursements	<u>(57,984)</u>	<u>(17,835)</u>	<u>74,434</u>	<u>(16,705)</u>	<u>(18,090)</u>
Other Financing Sources (Uses)					
Transfer In				36,000	36,000
Transfer Out	(36,000)				(36,000)
Advance In	17,980			6,242	24,222
Advance Out	(6,242)			(17,980)	(24,222)
Reimbursements	47,591				47,591
Total Other Financing Sources (Uses)	<u>23,329</u>			<u>24,262</u>	<u>47,591</u>
Net Change in Fund Balances	(34,655)	(17,835)	74,434	7,557	29,501
Fund Balances Beginning of Year	<u>456,739</u>	<u>38,858</u>	<u>9,445</u>	<u>54,512</u>	<u>559,554</u>
Fund Balances End of Year	<u>\$422,084</u>	<u>\$21,023</u>	<u>\$83,879</u>	<u>\$62,069</u>	<u>\$589,055</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$678,553	\$678,553	\$688,185	\$9,632
Intergovernmental	215,586	215,586	226,028	10,442
Fees, Licenses and Permits	216,500	216,500	222,454	5,954
Contract Services	7,800	7,800	6,665	(1,135)
Miscellaneous	12,000	12,000	5,656	(6,344)
Total Receipts	<u>1,130,439</u>	<u>1,130,439</u>	<u>1,148,988</u>	<u>18,549</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	1,349,352	1,349,352	1,216,908	132,444
Total Disbursements	<u>1,349,352</u>	<u>1,349,352</u>	<u>1,216,908</u>	<u>132,444</u>
Excess of Receipts (Under) Disbursements	<u>(218,913)</u>	<u>(218,913)</u>	<u>(67,920)</u>	<u>150,993</u>
Other Financing Sources (Uses)				
Advance In			17,980	17,980
Advance Out			(6,242)	(6,242)
Transfers Out	(70,000)	(70,000)	(36,000)	34,000
Other Financing Sources	30,820	30,820	47,591	16,771
Total Other Financing Sources (Uses)	<u>(39,180)</u>	<u>(39,180)</u>	<u>23,329</u>	<u>62,509</u>
Net Change in Fund Balances	(258,093)	(258,093)	(44,591)	213,502
Prior Year Encumbrances Appropriated	10,384	10,384	10,384	
Fund Balances Beginning of Year	<u>446,355</u>	<u>446,355</u>	<u>446,355</u>	
Fund Balances End of Year	<u>\$198,646</u>	<u>\$198,646</u>	<u>\$412,148</u>	<u>\$213,502</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
WOMENS, INFANTS AND CHILDREN (WIC) FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$134,996	\$134,996	\$121,252	(\$13,744)
Other			147	147
Total Receipts	<u>134,996</u>	<u>134,996</u>	<u>121,399</u>	<u>(13,597)</u>
Disbursements				
Current:				
Community Health Services				
WIC	<u>173,832</u>	<u>173,832</u>	<u>139,310</u>	<u>34,522</u>
Total Disbursements	<u>173,832</u>	<u>173,832</u>	<u>139,310</u>	<u>34,522</u>
Excess of Receipts (Under) Disbursements	(38,836)	(38,836)	(17,911)	20,925
Prior Year Encumbrances Appropriated	21	21	21	
Fund Balances Beginning of Year	<u>38,837</u>	<u>38,837</u>	<u>38,837</u>	
Fund Balances End of Year	<u><u>\$22</u></u>	<u><u>\$22</u></u>	<u><u>\$20,947</u></u>	<u><u>\$20,925</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH INFRASTRUCTURE (PHI) FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$291,795	\$379,704	\$379,704	
Other		127	162	\$35
Total Receipts	<u>291,795</u>	<u>379,831</u>	<u>379,866</u>	<u>35</u>
Disbursements				
Current:				
Public Health Infrastructure	301,023	381,459	351,571	29,888
Total Disbursements	<u>301,023</u>	<u>381,459</u>	<u>351,571</u>	<u>29,888</u>
Excess of Receipts Over (Under) Disbursements	<u>(9,228)</u>	<u>(1,628)</u>	<u>28,295</u>	<u>29,923</u>
Prior Year Encumbrances Appropriated	217	217	217	
Fund Balances Beginning of Year	<u>9,228</u>	<u>9,228</u>	<u>9,228</u>	
Fund Balances End of Year	<u><u>\$217</u></u>	<u><u>\$7,817</u></u>	<u><u>\$37,740</u></u>	<u><u>\$29,923</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2008**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,539</u>
Total Assets	<u><u>5,539</u></u>
Net Assets	
Unrestricted	<u><u>\$5,539</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. DESCRIPTION OF THE AUGLAIZE COUNTY GENERAL HEALTH DISTRICT AND REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Auglaize County General Health District, Auglaize County, (the District) as a body corporate and politic. A five-member Board of Health governs the District and appoints a Health Commissioner and all employees. The District provides health services and issues health-related licenses and permits. They also act upon various complaints made to the District concerning the health and welfare of the County.

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements of the District are not misleading. The District reports no component units or other organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-wide Financial Statements

The statement of net assets and a statement of activities display information about the District as a whole. These statements include the financial activities of the District except for fiduciary funds. The governmental funds of the District are generally financed through taxes, intergovernmental receipts, or other non-exchange transactions. The statement of net assets presents the cash balance of the governmental activities of the District at year-end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions 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. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis of accounting or draws from the general receipts of the District.

2. Fund Financial Statements

During the year, the District segregates transactions related to 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 at a more detailed level. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

1. Governmental Funds

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

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

Public Health Infrastructure (PHI) Fund - This Fund receives Federal grant money used to provide services to control communicable diseases, chronic diseases and disorders, and other preventable health conditions.

Women, Infants and Children (WIC) Fund – This is a Federal grant fund which accounts for the Special Supplemental Nutrition Program.

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

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds account for cash and investments where the District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include agency funds. The following is the District's fiduciary fund:

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Flexible Spending Fund – The District's only agency fund is an employee funded flexible spending fund to accommodate medical expenses that are not covered under the medical insurance plans.

C. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued 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 District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District member. The District uses the object level within each fund and function as its legal level of control.

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

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

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

Budget versus actual statements for the General Fund and major Special Revenue Funds are presented as part of the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

As required by the Ohio Revised Code, the County Treasurer is custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments which are valued at the County Treasurer's reported carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Auglaize County Treasurer.

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

On the cash basis of accounting, inventories of supplies and prepaid items are reported as disbursements when purchased. The financial statements do not report these items as assets.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these items as assets.

I. Inter-fund Receivables/Payables

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

J. Compensated Absences

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The District has established a fund balance reserve for encumbrances.

N. Inter-fund Transactions

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Subsidies from one fund to another without requirement for repayment are reported as inter-fund transfers. Governmental funds report inter-fund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

O. Net 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. Net assets restricted for other purposes primarily include the amounts restricted to support the various programs of the District. There were no net assets restricted by enabling legislation at December 31, 2008.

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.

3. 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 Statements of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and each major Special Revenue Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budget basis) amounted to:

General Fund	\$9,936
Major Special Revenue Funds:	
Women, Infants & Children	76
Public Health Infrastructure Fund	46,139

4. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Health District. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

4. PROPERTY TAXES (Continued)

Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 2008 (Calendar year 2008). The last revaluation update was completed in tax year 2005 (calendar year 2005). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

Property tax revenues received in 2008 represents the collection of 2007 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. 2008 was the last year for tangible personal property tax collections. The State of Ohio terminated this program.

Amounts paid by multi-county taxpayers were due October 20. Single county taxpayers paid annually or semiannually. If paid annually, the first payment was due April 30; if paid semiannually, the first payment was due April 30, with the remainder payable by October 20.

Public utility real taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date.

Certain public utility tangible personal property currently is assessed at one hundred percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, and the County Auditor periodically remits to the taxing districts their portion of the taxes collected.

The full tax rate for all the District operations for the year ended December 31, 2008, was \$9.25 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$778,445,520
Public Utility Property	226,750
Tangible Personal Property	55,533,479
Total Assessed Values	<u>\$834,205,749</u>

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

5. INTER-FUND TRANSFERS

Inter-fund transfers for the year ended December 31, 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Governmental Activities:		
General	Homemaker	\$31,000
General	Salary Reserve	5,000
		<u>\$36,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6. RISK MANAGEMENT

A. Risk Pool Membership

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

1. Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP. If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

6. RISK MANAGEMENT (Continued)

2. Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548. The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

3. 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, 2007 and 2006 (the latest information available):

Casualty Coverage	2007	2006
Assets	<u>\$37,560,071</u>	<u>\$36,123,194</u>
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Retained Earnings	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively.

These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$12,627. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

6. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
2006	\$8,666
2007	9,238
2008	10,980

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

For 2008, the District, through Auglaize County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate. The GRP then calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plans' selection criteria.

C. Employee Medical Benefits

The District participates in a health insurance plan through Anthem Blue Cross/Blue Shield for all employees. The fully insured plan includes health, vision, prescription, and life insurance benefits. In addition, the District has established a "Flexible Spending Account" to supplement the services provided under the health insurance plan. The plan is funded solely through voluntary employee payroll deductions, and employees file their own claims. This plan is administered by AFLAC.

The plan account activity was:

	<u>Beginning Of the Year</u>	<u>Deposits</u>	<u>Claims Paid</u>	<u>Balance at Year End</u>
2008	\$7,213	\$32,073	\$33,747	\$5,539
2007	\$6,518	\$31,338	\$30,643	\$7,213

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

7. DEFINED BENEFIT PENSION PLANS

The 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 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. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension 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 pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attn: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in local government classifications contributed 10.0 percent of covered payroll. The District's contribution rate for 2008 was 14.0 percent of covered payroll. A portion of the District's contribution equal to 8 percent of covered payroll was allocated to fund the defined benefit plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14 percent.

The District's required contributions for pension obligations to the traditional, combined and member directed plans for the years ended December 31, 2008, 2007, and 2006 were \$77,324, \$81,462, and \$83,364 respectively; 92 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

8. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 12.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

8. POSTEMPLOYMENT BENEFITS (Continued)

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008 local government employer units contributed at 14.0% of covered payroll. For 2008 the employer contribution allocated to the health care plan was 6.0% of covered payroll. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

The assumptions and calculations below were based on OPERS latest actuarial review performed as of December 31, 2007. The individual entry age 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 to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.50%. 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. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis.

The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

The District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$57,993, \$53,658, and \$40,766 respectively; 92 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

9. OPERATING LEASE

The District is a party to a fifteen year lease for rental of office space. This lease was effective August 1, 1997, and terminates July 31, 2012. This lease requires the District to remit monthly payments on the first day of each month. The lease payment was fixed for the first ten years at \$5,000 per month. At the end of the first ten years, the lease rental payments increase to \$6,000 per month and will remain fixed through the remaining term of the lease.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

10. CONTINGENT LIABILITIES

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Passed Through Ohio Department of Health)			
Special Supplemental Nutrition Program for Women, Infants and Children	06-1-001-1-WA-01-08	10.557	\$111,349
	06-1-001-1-WA-02-09		<u>27,856</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>139,205</u>
Family Planning Services	06-1-001-1-XX-07	93.217	7,402
	06-1-001-1-FP-01-08		<u>25,902</u>
Total Family Planning Services			<u>33,304</u>
Immunization Grants	06-1-001-2-AZ-07	93.268	2,860
	06-1-001-2-IM-01-08		<u>40,000</u>
Total Immunization Grants			<u>42,860</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	06-1-001-2-PI-01-08	93.283	211,045
	06-1-001-2-PI-02-09		<u>94,387</u>
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance			<u>305,432</u>
Maternal and Child Health Services Block Grant to States	06-1-001-1-MC-01-08	93.994	17,040
	06-1-001-1-MC-02-09		<u>12,329</u>
Total Maternal and Child Health Services Block Grant to States			<u>29,369</u>
Total Federal Financial Assistance			<u><u>\$550,170</u></u>

The accompanying notes are an integral part of this schedule.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE A - GENERAL

The accompanying Schedule of Federal Award Expenditures (the Schedule) summarizes the 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 in the Schedule.

NOTE C - COMMINGLING

Federal funds received from the Immunization Grant, Center for Disease Control and Prevention – Investigations and Technical Services, and Maternal and Child Health Services Block Grants to States were commingled with state subsidy and local revenues. It was assumed that federal dollars were expended first.

NOTE D - UNSPENT FUNDS

Federal funds received from the Center for Disease Control and Prevention – Investigations and Technical Services in the amount of \$7,847 were unspent at the end of Grant Year 2007 and were returned to the Ohio Department of Health in December 2007. This amount is not included in the disbursements on the federal schedule.



Mary Taylor, CPA

Auditor of State

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

Auglaize County General Health District
Auglaize County
214 South Wagner Street
Wapakoneta, Ohio 45895

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 Auglaize County General Health District, Auglaize County (the District), as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 19, 2009, wherein, we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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

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

Mary Taylor, CPA
Auditor of State

May 19, 2009



Mary Taylor, CPA

Auditor of State

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

Auglaize County General Health District
Auglaize County
214 South Wagner Street
Wapakoneta, Ohio 45895

To the Members of the Board:

Compliance

We have audited the compliance of the Auglaize County General Health District, Auglaize County (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to 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 Auglaize County General Health District, Auglaize County complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Mary Taylor, CPA
Auditor of State

May 19, 2009

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Center for Disease Control and Prevention – Investigations and Technical Services CFDA #93.283
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	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



Mary Taylor, CPA
Auditor of State

AUGLAIZE COUNTY GENERAL HEALTH DISTRICT

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 7, 2009**