



Dave Yost • Auditor of State



**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

### ***Report on the Financial Statements***

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, Ohio (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

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, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General; Infrastructure; and Women, Infants, and Children funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

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**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 2P, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and in Note 11 to the financial statements, the District restated the January 1, 2012 General Fund and Other Governmental Funds balances to reclassify the Salary Reserve Fund. We did not modify our opinion regarding these matters.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 22, 2013

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
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, 2012, within the limitations of the District's cash basis accounting. Readers should review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**HIGHLIGHTS**

Key highlights for 2012 are as follows:

- Net Position of governmental activities decreased \$50,046 or 7.9 percent, an insignificant change from the prior year. The fund having the greatest decrease in fund balance was the General Fund.
- Total receipts decreased by 2.3 percent, and there was a 0.9 percent increase in total disbursements in 2012 as compared to 2011. The greatest percent of increase in expenditures, across all funds, was in travel costs, a 15 percent increase.
- The District's general receipts are primarily property taxes. These receipts represent 38 percent of the total cash received for District activities during the year. Property tax receipts for 2012 changed little in comparison with 2011, increasing by approximately 2.4 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 Position 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.

**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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

**REPORTING THE HEALTH DISTRICT AS A WHOLE**

The statement of Net Position and the statement of activities reflect how the District did financially during 2012, within the limitations of cash basis of accounting. The statement of Net Position 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, these changes can be thought of 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, other non-financial factors as well should be considered, 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 Position 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; Infrastructure; and Women, Infants, and Children. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**THE DISTRICT AS A WHOLE**

Table I provides a summary of the District's Net Position for 2012 compared to 2011 on a cash basis:

**(Table 1)  
Net Position**

	<b>2012</b>	<b>2011</b>
<b>Assets:</b>		
Cash and Cash Equivalents	\$584,276	\$634,322
Total Assets	<u>\$584,276</u>	<u>\$634,322</u>
<b>Net Position:</b>		
Restricted	\$88,954	\$140,000
Unrestricted	495,322	494,322
Total Net Position	<u>\$584,276</u>	<u>\$634,322</u>



**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

As mentioned previously, Net Position of governmental activities decreased \$50,046, or 7.9 percent, during 2012. Receipts decreased \$43,149, or approximately 2.3 percent less than 2011, while disbursements increased \$17,432, or approximately 0.9 percent. The primary reasons for the changes are as follows:

- In 2012, total income from operating grants and contributions program receipt grants was \$29,408 (5 percent) less than in 2011, and 2012 total disbursements for grant programs totals \$26,788 (5 percent) less than in 2011. Income in each of the three largest grants increased, while income for two smaller grants decreased, and there was no income from two grants that had been administered in 2011 but not in 2012. The greatest percentage of increase in income and expenditures was seen in the Help Me Grow grant.
- 2012 income for Help Me Grow Early Intervention was \$29,882 or 40 percent, higher than in 2011. The federal and state funding streams for the state's Help Me Grow program were re-aligned beginning in July of 2011, and the FY2012 and FY2013 federal awards each were nearly twice that of the FY2011 award. Total 2012 disbursements were \$22,856 (25 percent) higher than in 2011 due to that shift in funding.
- WIC income was approximately 25 percent (\$38,613) higher than in 2011. This is in part due to the timing of grant payments; though the FY2012 total award was lower than the FY2011 award, 85 percent of the FY2012 award was received in 2012. Disbursements totaled \$14,150 (approximately 8 percent) more than 2011, all of which can be accounted for by the addition of a part time staff member in early 2012: those costs were offset to some degree by a 35 percent decrease in health insurance costs. One employee changed from enrollment in a family plan to single coverage; while another employee having family coverage retired in late 2011 and was replaced by an employee who is not enrolled in the District's plan.
- The 2012 Infrastructure grant total income was approximately 12.8 percent (\$20,200) higher than in 2011. In May, the Ohio Department of Health provided notice that \$40,199 in supplemental funds would be added to the FY2012 award and that the fiscal year would be extended from August 9 to December 31. The FY2013 fiscal year began August 10, and the two fiscal years overlapped from August through December. The FY 2012 supplemental funding accounts for approximately 89 percent of the total \$44,938 (25.7 percent) increase in expenditures over the 2011 total.
- The Child and Family Health Services grant 2012 income was approximately 5 percent (\$15,490) less than 2011, as the grant ended in June, 2012. However, 2012 expenditures were \$2,188 (9 percent) higher than in 2011, as approximately two-thirds of the FY2012 disbursements were made during January through June of 2012, the last half of the grant fiscal year.
- Income in the Immunization Action Plan grant decreased by \$2,391 (5 percent) from 2011. The FY2012 award was 6 percent lower than the FY2011 award. However, expenditures were approximately 4 percent (\$1,784) higher than 2011, mainly due to \$2,525 in FY2011 expenditures being encumbered in December, 2011 and paid in January, 2012.
- The Women's Health and Family Planning grants that had been in operation for several years ended in mid-2011. Those grants had provided \$35,335 in income in that year; no grant income for the program was received in 2012. The District has continued to provide reproductive health services on a more limited basis, with costs supported by fees and local tax receipts. Only 31 (9 percent) fewer clients were served in 2012 than 2011, with 59 fewer clinic visits provided.
- Total costs for mileage reimbursement and meeting expenses was \$5,297 higher than 2011. Approximately one-half of that increase is attributed to the reimbursement of expenses for attendance at two out-of-state Medical Reserve Corps conferences.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

- 2012 income from self-pay fees for personal health services decreased by \$18,340 (11 percent) from 2011. The most notable decrease was in fees collected in the Immunizations clinic; \$17,618 less was collected, as 510 fewer clients were served and 1,396 fewer doses of vaccine were administered than 2011. Write-offs for immunization services provided to clients who were unable to pay their fees increased by \$129 (5 percent).
- Disbursements for salaries totaled \$53,976 (5.4 percent) higher than 2011. However, that total included \$29,513 that was allocated for payouts of accumulated vacation and sick leave for three retiring employees, each having more than 25 years of service at the time of retirement. Disbursements for payroll Medicare tax, OPERS payments and Workers Compensation premiums combined increased by 4.2 percent. Employees were given hourly pay increases in January that were a combination of 2.2 percent cost-of-living increases and variable adjustments to salary ranges to more closely reflect comparable ranges in local health districts across the state. No new employees were hired to replace the three who retired; instead, staff responsibilities were reorganized, and those job duties were assigned to existing employees.
- Disbursements for employees' health insurance premiums decreased by \$289 (.2 percent) from 2011, though the individual premium rates in the 2012 renewal plan increased by 14 percent. The decrease in total expenditures was due to a reduction of the number of employees enrolled in the plan. One employee who resigned in late 2011 had been enrolled in the highest-cost family plan; all of the retiring employees had had insurance coverage, and during the year several employees changed their status from family to single coverage or completely dropped their coverage through the Health Department plan.

Table 2 reflects the changes in Net Position in 2012. A comparative analysis of District-wide data from 2011 to 2012 is presented.

**(Table 2)  
Changes in Net Position**

	<b>Governmental Activities 2012</b>	<b>Governmental Activities 2011</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services	\$ 381,322	\$ 389,503
Operating Grants	537,443	566,851
<b>Total Program Receipts</b>	<b>918,765</b>	<b>956,354</b>
<b>General Receipts:</b>		
Property Taxes	697,321	680,921
Subdivisions	3,553	3,553
Grants and Entitlements not Restricted to Other Programs	182,039	220,236
Miscellaneous	22,655	6,418
<b>Total General Receipts</b>	<b>905,568</b>	<b>911,128</b>
<b>Total Receipts</b>	<b>1,824,333</b>	<b>1,867,482</b>

(Continued)

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Position  
(Continued)**

	<b>Governmental Activities 2012</b>	<b>Governmental Activities 2011</b>
<b>Disbursements:</b>		
General Environmental Health	1,207,533	1,159,494
Food	66,950	75,484
Pools	6,219	6,213
Water	17,207	11,252
Camps/Manufactured Homes	7,993	9,329
WIC	189,039	174,889
Immunizations	46,931	45,147
Child and Family Health Services	26,772	24,583
Other Community Health Services		41,987
Early Intervention Services Coordination	111,148	88,292
Public Health Emergency Preparedness	194,587	70,718
Public Health Infrastructure		149,649
Total Disbursements	<u>1,874,379</u>	<u>1,857,037</u>
Increase (decrease) in Net Position	(50,046)	10,445
Net Position January 1	<u>634,322</u>	<u>623,877</u>
Net Position December 31	<u>\$ 584,276</u>	<u>\$ 634,322</u>

Program receipts represent 50.4 percent of total receipts and are primarily comprised of state and federal grants, which make up 58.5 percent of total program receipts; and licenses, permits and fees for various services.

General receipts represent 49.6 percent of the District's total receipts, and of this amount, over 77 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**

In the Statement of Activities, 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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

**(Table 3)  
Governmental Activities**

	<b>Total Cost Of Services 2012</b>	<b>Net Cost Of Services 2012</b>	<b>Total Cost Of Services 2011</b>	<b>Net Cost Of Services 2011</b>
General Environmental Health	\$1,207,533	\$956,086	\$1,159,494	\$892,953
Food	66,950	(12,641)	75,484	5,065
Pools	6,219	221	6,213	472
Water	17,207	1,805	11,252	(5,783)
Camps/Manufactured Homes	7,993	232	9,329	1,025
WIC	189,039	(4,786)	174,889	19,837
Immunizations	46,931	3,305	45,147	(870)
Child and Family Health Services	26,772	9,277	24,583	(8,402)
Other Community Health Services		(21,123)	41,987	(9,246)
Early Intervention Services Coordination	111,148	7,088	88,292	14,114
Public Health Emergency Preparedness	194,587	16,150	70,718	33
Public Health Infrastructure			149,649	(8,515)
<b>Total</b>	<b>\$1,874,379</b>	<b>\$955,614</b>	<b>\$1,857,037</b>	<b>\$900,683</b>

**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 \$1,824,333 and disbursements of \$1,874,379. The greatest percent of change within governmental funds occurred within the Help Me Grow fund. In that fund, total income increased by \$42,383 (69 percent) and expenditures increased by \$40,454 (57 percent).

Receipts were less than disbursements in nine of the District's twelve funds, and significant cash transfers from the General Fund were necessary in the Homemaker Services and Salary Reserve fund accounts. The cash transfer of \$10,000, or 20 percent, of the Homemaker account's total expenditures were necessary because the program is subsidized heavily by local tax receipts; grant funding is not available to the District for those purposes, and raising fees high enough to completely cover the cost is not feasible. However, total disbursements in the program decreased by 3 percent in 2012 as compared to 2011. In September, as caseloads remained consistently low, both full time employees we assigned to other programs for approximately 50 percent of their work time, with those personnel costs paid from those programs' funding sources.

The \$10,000 in cash transfers into the Salary Reserve account was planned, as transfers are the method for funding the account, in anticipation of upcoming staff retirements. The Salary Reserve account was utilized in 2012 for three payouts of accumulated sick and vacation leave totaling \$29,513. Each of the three retirees had more than 25 years of service at the time of retirement.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

**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 \$1,286,025 while total actual disbursements were \$1,185,906.

**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, 2012, 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 debt, 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 to provide stability, so that basic operating costs can continue to be paid even when grant programs are curtailed or eliminated. The 2005 passage of a replacement levy for operating expenses allows for moderate fluctuations in the total dollar amount in local tax receipts over the life of the levy. With these resources, along with conservative spending, the District 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 POSITION - CASH BASIS  
DECEMBER 31, 2012**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$584,276
Total Assets	<u>584,276</u>
<b>Net Position:</b>	
<b>Restricted for:</b>	
Other Purposes	88,954
Unrestricted	495,322
Total Net Position	<u>\$584,276</u>

*See accompanying notes to the basic financial statements.*

**AULGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
			<u>Primary Government Governmental Activities</u>
<b>Governmental Activities:</b>			
<b>Environmental Health:</b>			
General Environmental Health	\$1,207,533	\$251,447	(\$956,086)
Food	66,950	79,591	12,641
Pools	6,219	5,998	(221)
Water	17,207	15,402	(1,805)
Camps/Manufactured Homes	7,993	7,761	(232)
<b>Community Health Services:</b>			
WIC	189,039		\$193,825 4,786
Immunizations	46,931		43,626 (3,305)
Child and Family Health Services	26,772		17,495 (9,277)
Other Community Health Services		21,123	21,123
Early Intervention Services Coordination	111,148		104,060 (7,088)
<b>Health Promotion and Planning:</b>			
Public Health Emergency Preparedness	194,587		178,437 (16,150)
<b>Total Governmental Activities</b>	<u>\$1,874,379</u>	<u>\$381,322</u>	<u>\$537,443</u> <u>(955,614)</u>
<b>General Receipts:</b>			
<b>Property Taxes Levied for:</b>			
General Health District Purposes			697,321
Sub-divisions			3,553
Grants and Entitlements not Restricted to Specific Programs			182,039
Miscellaneous			22,655
<b>Total General Receipts</b>			<u>905,568</u>
Change in Net Position			(50,046)
Net Position Beginning of Year			<u>634,322</u>
Net Position End of Year			<u>\$584,276</u>

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, 2012**

	<u>General</u>	<u>Infrastructure Grant</u>	<u>Women, Infants, and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$495,322	\$27,044	\$16,158	\$45,752	\$584,276
Total Assets	<u>495,322</u>	<u>27,044</u>	<u>16,158</u>	<u>45,752</u>	<u>584,276</u>
<b>Fund Balances:</b>					
Restricted		27,044	16,158	45,752	88,954
Assigned	12,405				12,405
Committed	20,886				20,886
Unassigned (Deficit)	462,031				462,031
Total Fund Balances	<u>\$495,322</u>	<u>\$27,044</u>	<u>\$16,158</u>	<u>\$45,752</u>	<u>\$584,276</u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Infrastructure Grant</u>	<u>Women, Infants, and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>					
Intergovernmental Revenue	\$182,039	\$178,437	\$193,825	\$165,181	\$719,482
Property Taxes	697,321				697,321
Subdivisions	3,553				3,553
Licenses and Permits	12,415			108,752	121,167
Fees	212,053			6,560	218,613
Contract Services	3,595			37,947	41,542
Other Receipts	22,218			437	22,655
Total Receipts	<u>1,133,194</u>	<u>178,437</u>	<u>193,825</u>	<u>318,877</u>	<u>1,824,333</u>
<b>Disbursements:</b>					
<b>Current:</b>					
<b>Environmental Health:</b>					
General Environmental Health	1,157,140			50,393	1,207,533
Food				66,950	66,950
Pools				6,219	6,219
Water				17,207	17,207
Camps/Manufactured Home Parks				7,993	7,993
<b>Community Health Services:</b>					
WIC	5,453		183,586		189,039
Immunizations				46,931	46,931
Child and Family Health Services				26,772	26,772
Early Intervention Service Coordination				111,148	111,148
<b>Health Promotion and Planning:</b>					
Public Health Emergency Preparedness		194,587			194,587
Total Disbursements	<u>1,162,593</u>	<u>194,587</u>	<u>183,586</u>	<u>333,613</u>	<u>1,874,379</u>
Excess of Receipts Over/(Under) Disbursements	<u>(29,399)</u>	<u>(16,150)</u>	<u>10,239</u>	<u>(14,736)</u>	<u>(50,046)</u>
<b>Other Financing Sources (Uses):</b>					
Transfer In				10,000	10,000
Transfer Out	(10,000)				(10,000)
Advance In	13,712	904	8,293	9,256	32,165
Advance Out	(13,712)	(904)	(8,293)	(9,256)	(32,165)
Total Other Financing Sources (Uses)	<u>(10,000)</u>			<u>10,000</u>	
Net Change in Fund Balances	(39,399)	(16,150)	10,239	(4,736)	(50,046)
Fund Balances Beginning of Year (Restated Note 11)	<u>534,721</u>	<u>43,194</u>	<u>5,919</u>	<u>50,488</u>	<u>634,322</u>
Fund Balances End of Year	<u>\$495,322</u>	<u>\$27,044</u>	<u>\$16,158</u>	<u>\$45,752</u>	<u>\$584,276</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property and Other Local Taxes	\$671,703	\$671,703	\$700,874	\$29,171
Intergovernmental	219,500	219,500	182,039	(37,461)
Fines, Licenses and Permits	13,500	13,500	12,415	(1,085)
Fees	215,000	215,000	212,053	(2,947)
Contract Services	4,000	4,000	3,595	(405)
Miscellaneous	5,000	5,000	22,218	17,218
Total Receipts	<u>1,128,703</u>	<u>1,128,703</u>	<u>1,133,194</u>	<u>4,491</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Environmental Health				
General Environmental Health	1,286,025	1,286,025	1,185,906	100,119
Total Disbursements	<u>1,286,025</u>	<u>1,286,025</u>	<u>1,185,906</u>	<u>100,119</u>
Excess of Receipts (Under) Disbursements	<u>(157,322)</u>	<u>(157,322)</u>	<u>(52,712)</u>	<u>104,610</u>
<b>Other Financing Sources (Uses):</b>				
Advance In			13,712	13,712
Advance Out			(13,712)	(13,712)
Transfers Out	(40,000)	(40,000)	(20,000)	20,000
Other Financing Sources	33,000	33,000	40,421	7,421
Total Other Financing Sources (Uses)	<u>(7,000)</u>	<u>(7,000)</u>	<u>20,421</u>	<u>27,421</u>
Net Change in Fund Balances	(164,322)	(164,322)	(32,291)	132,031
Prior Year Encumbrances Appropriated	21,278	21,278	21,278	0
Fund Balances Beginning of Year	<u>473,044</u>	<u>473,044</u>	<u>473,044</u>	<u>0</u>
Fund Balances End of Year	<u>\$330,000</u>	<u>\$330,000</u>	<u>\$462,031</u>	<u>\$132,031</u>

See accompanying notes to the basic financial statements

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
INFRASTRUCTURE GRANT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Intergovernmental	\$140,653	\$178,374	\$178,437	\$63
Miscellaneous		52		(52)
Total Receipts	<u>140,653</u>	<u>178,426</u>	<u>178,437</u>	<u>11</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Health Promotion and Planning:</b>				
Public Health Emergency Preparedness	183,846	221,619	194,615	27,004
Total Disbursements	<u>183,846</u>	<u>221,619</u>	<u>194,615</u>	<u>27,004</u>
Excess of Receipts (Under) Disbursements	<u>(43,193)</u>	<u>(43,193)</u>	<u>(16,178)</u>	<u>27,015</u>
<b>Other Financing Sources (Uses):</b>				
Advance In			904	904
Advance Out			(904)	(904)
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(43,193)	(43,193)	(16,178)	27,015
Prior Year Encumbrances Appropriated	23	23	23	
Fund Balances Beginning of Year	<u>43,171</u>	<u>43,171</u>	<u>43,171</u>	
Fund Balances End of Year	<u><u>\$1</u></u>	<u><u>\$1</u></u>	<u><u>\$27,016</u></u>	<u><u>\$27,015</u></u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
WOMEN, INFANTS, AND CHILDREN  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Intergovernmental	\$197,329	\$197,329	\$193,825	(\$3,504)
Total Receipts	<u>197,329</u>	<u>197,329</u>	<u>193,825</u>	<u>(3,504)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Community Health Service:</b>				
WIC	203,248	203,248	183,735	19,513
Total Disbursements	<u>203,248</u>	<u>203,248</u>	<u>183,735</u>	<u>19,513</u>
Excess of Receipts Over (Under) Disbursements	<u>(5,919)</u>	<u>(5,919)</u>	<u>10,090</u>	<u>16,009</u>
<b>Other Financing Sources (Uses):</b>				
Advance In			8,293	8,293
Advance Out			(8,293)	(8,293)
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(5,919)	(5,919)	10,090	16,009
Prior Year Encumbrances Appropriated	200	200	200	
Fund Balances Beginning of Year	<u>5,719</u>	<u>5,719</u>	<u>5,719</u>	
Fund Balances End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$16,009</u></u>	<u><u>\$16,009</u></u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2012**

	<u>Agency</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,307</u>
Total Assets	<u><u>3,307</u></u>
<b>Net Position:</b>	
Unrestricted	<u><u>\$3,307</u></u>

*See accompanying notes to the basic financial statements.*

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. DESCRIPTION OF THE 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 (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. 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 Position 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 Position 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 Position 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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(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** – The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is disbursed or transferred according to the Ohio law.

**Infrastructure Grant Fund** – This fund accounts for federal grant money received to provide services to address bioterrorism, other outbreaks of infectious disease and other public health threats and emergencies at the county and regional public health level.

**Women, Infants, and Children Fund** – This fund accounts for federal grant money received to locally administer 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 Position and changes in Net Position. 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:



**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(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 major funds are presented as part of the basic financial statements.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(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. The District did not have restricted assets.

**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 an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**M. Fund Balance Reserves**

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Non-Spendable** – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board. The committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balance in the General Fund represents money held for severance payments.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**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 Position**

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 Position restricted for other purposes primarily include the amounts restricted to support the various programs of the District. There was no Net Position restricted by enabling legislation at December 31, 2012.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**P. Change in Accounting Principle**

For the year ended December 31, 2012, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the District's 2012 financial statements; however, there was no effect on beginning net position and/or fund balance.

**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 Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General; Infrastructure Grant; and Women, Infants, and Children funds 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 assignment of fund balance (cash basis). The encumbrances outstanding at year end (budget basis) amounted to:

General Fund	\$12,405
Infrastructure Grant	28
Women, Infants, and Children	149

The General Fund disbursements had an additional reconciling factor of \$10,908 as a result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$40,421 in order to more appropriately report them as reductions of expenditures against General Environmental Health. Also under GASB 54 the Salary Reserve Fund was rolled into the General Fund which resulted in disbursements of \$29,513 being included in the General Fund on the cash basis. At year-end the General Fund cash basis balance includes the ending balance of the Salary Reserve Fund in the amount of \$20,886.

**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.

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 2009). The last revaluation update was completed in tax year 2011 (calendar year 2012). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**4. PROPERTY TAXES (Continued)**

Property tax revenues received in 2012 represents the collection of 2011 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2011, were levied after October 1, 2011, 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.

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, 2012, was \$9.25 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2011 property tax receipts were based are as follows:

Real Property	\$893,766,130
Public Utility Property	313,650
Tangible Personal Property	18,863,520
Total Assessed Values	\$912,943,300

**5. INTER-FUND TRANSFERS**

Inter-fund transfers for the year ended December 31, 2012, were as follows:

Transfer From	Transfer To	Amount
<b>Governmental Activities:</b>		
General	Homemaker	\$10,000

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 is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation. (See Note 6.B)

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

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. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**2. 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, 2012 and 2011:

<b>Casualty Coverage:</b>	<b>2012</b>	<b>2011</b>
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Retained Earnings	\$20,181,216	\$19,175,131

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.64 million and \$12.1 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2012 and 2011, respectively.

These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the District's share of these unpaid claims collectible in future years is approximately \$9,000

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.

<b>Contributions to PEP</b>	
2012	\$10,039
2011	\$10,509

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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 2012, 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:

	<b>Beginning Of the Year</b>	<b>Deposits</b>	<b>Claims Paid</b>	<b>Balance at Year End</b>
2012	\$3,193	\$29,183	\$29,069	\$3,307
2011	\$4,754	\$32,618	\$34,179	\$3,193

**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).

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

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, 2012, members in state and local classifications contributed 10.0 percent of covered payroll. The District's contribution rate for 2012 was 14.0 percent of covered payroll.

The portion of the District's contribution allocated to health care was 5%. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.23 percent.

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, 2012, 2011, and 2010 were \$98,837, \$100,413, and \$89,849 respectively; 93 percent has been contributed for 2012 and 100 percent for 2011 and 2010.

**8. POSTEMPLOYMENT BENEFITS**

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 maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying member 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.



**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, Attn: Finance Director, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 local government employer units contributed at 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5 percent. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.23 percent.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2012, 2011 and 2010 were \$54,910, \$55,785, and \$51,223 respectively; 93 percent has been contributed for 2012 and 100 percent for 2011 and 2010.

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.

**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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**11. RESTATEMENT OF FUND BALANCES**

The District restated the January 1, 2012 General Fund and Other Governmental Funds balance to properly reflect the Salary Reserve Fund as part of the General Fund under GASB 54 *“Fund Balance Reporting and Governmental Fund Type Definitions”* which was implemented by the District in 2011. This restatement had the following impact on previously reported fund balances:

	<u>Fund Balance at December 31, 2011</u>	<u>GASB 54 Change in Fund Structure</u>	<u>Additional Major Funds in 2012</u>	<u>Adjusted Fund Balance at January 1, 2012</u>
General	\$494,322	\$40,399		\$534,721
Other Governmental Funds	\$140,000	(\$40,399)	(\$49,113)	\$50,488



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 22, 2013, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted that the District implemented the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and restated the January 1, 2012 General Fund and Other Governmental Funds balances to reclassify the Salary Reserve Fund.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

***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, opining 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*.

***Entity's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 22, 2013

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-001**

**Material Weakness**

**Implementation of Changes in Accounting Principles**

The District should have procedures in place to help assure that all required accounting principles are correctly implemented. The following errors were identified in the annual report:

- The District did not implement Governmental Accounting Standards Board Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.”* which was effective for financial statements prepared for periods beginning after December 15, 2011. As a result, the opening balance and ending balance, as presented on the Statement of Activities, in the amounts of \$634,322 and \$584,276, respectively, had to be reclassified from Net Assets to Net Position.
- The District implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during 2011; however, the Salary Reserve Fund was not rolled into the General Fund as required by this standard. As a result, the beginning balance of \$40,399, transfers in of \$10,000, disbursements of \$29,513, and ending balance of \$20,886, had to be adjusted from Other Governmental Funds to the General Fund on the Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis. The ending fund balance of \$20,886 had to be reclassified from Committed Fund balance in Other Governmental Funds to Committed Fund balance in the General Fund. In addition, net position restricted for other purposes in the amount of \$20,886 had to be reclassified to un-restricted on the Statement of Net Position – Cash Basis.

The failure to correctly implement all required accounting principles, impacts the users’ understanding of the financial statements and the comparability of the financial statements to similar entities.

Resources such as those found on the Auditor of State web site and others pertaining to financial reporting should be utilized to help the District to identify and properly implement changes in accounting principles.

**OFFICIALS’ RESPONSE:** The finding states errors were identified in the report due to failure to correctly implement all required accounting principles. Both of the errors cited were actions taken by the Auglaize County Auditor, who prepared and submitted the Health District’s financial statements.

Per Ohio Revised Code 3709.31, the County Auditor acts as the auditor for the Health District. However, the two entities are separate political subdivisions, and the Board of Health has no governance role or supervisory authority over the County Auditor’s actions.

**AUDITOR OF STATE’S CONCLUSION:** *Those charged with governance* means the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For the District *those charged with governance* includes the Board Members and Health Commissioner. The County Auditor acts as the auditor and the County Treasurer is the custodian of the District’s funds; however, *those charged with governance* remain responsible for the operations and oversight of the District.

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# Dave Yost • 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  
SEPTEMBER 24, 2013**