



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, 2013, 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 Auglaize County General Health District, Auglaize County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General, and Women, Infants, and Children funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Opinion

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.

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 derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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 May 19, 2014, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

May 19, 2014

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**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
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, 2013, 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 2013 are as follows:

- Net position of governmental activities increased \$21,972 or 3.8 percent, an insignificant change from the prior year. The fund having the greatest percentage of net increase in cash and cash equivalents was the WIC fund, which increased by \$13,462 or 83.3 percent.
- Compared to 2012, total receipts decreased by 2.7 percent (\$48,547), and total disbursements decreased by 6.4 percent (\$120,565). The greatest percent of decrease in expenditures, across all funds, was a 30.5 percent (\$58,048) decrease in contract services costs. Disbursements for personnel costs (employees' salaries, payroll costs, and health insurance benefits combined) also decreased by \$67,760, or approximately 4.9 percent.
- The District's general receipts are primarily property taxes. These receipts represent 39 percent of the total cash received for District activities during the year. Property tax receipts for 2013 changed little in comparison with 2012, decreasing by approximately \$6,188, or 0.9 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 the 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, 2013
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 2013, 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 and the 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 2013 compared to 2012 on a cash basis:

**(Table 1)
Net Position**

	2013	2012
Assets		
Cash and Cash Equivalents	\$606,248	\$584,276
Total Assets	<u>\$606,248</u>	<u>\$584,276</u>
Net Position		
Restricted	\$76,359	\$88,954
Unrestricted	529,889	495,322
Total Net Position	<u>\$606,248</u>	<u>\$584,276</u>

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

As mentioned previously, net position of governmental activities increased \$21,972, or 3.8 percent, during 2013. Receipts decreased \$48,547, or approximately 2.7 percent less than 2012, while disbursements decreased \$120,565, or approximately 6.4 percent. The primary reasons for the changes are as follows:

- In 2013, total income from program grants was \$44,784 (8.3 percent) less than in 2012, and 2013 total disbursements for grant programs totals \$76,199 (13.5 percent) less than in 2012. Income in two grants increased, while income in two other grants decreased, and one grant fund was closed at the end of the year. H E Among the grants, the greatest percentage of decrease in income and expenditures was seen in the Public Health Emergency Preparedness (PHEP) grant fund.
- The 2013 PHEP grant total income was \$44,089 (24.7 percent) lower than in 2012. FY2013 began August 10, 2012 and ended June 30, 2013, lasting 324 days; in contrast, FY2012 had begun on August 10, 2011, and was extended through December 31, 2012, lasting 477 days. \$40,199 in supplemental funding was received and disbursed during that extended grant period, which overlapped the first quarter of FY2013. Expenditures in 2012 were \$43,370 higher in 2013, 92.7% of which can be accounted for by the supplemental funding.
- Income in the Immunization Action Plan grant decreased by \$3,201 (7 percent) from 2012's total. The grant's fiscal year runs from January 1 to December 31, and the FY2013 award was \$7,864 (17.6 percent) lower than the FY2012 award. The 2013 total of expenditures was \$10,367 (22.1 percent) less than in 2012. This was partly due to the lesser grant award, and partly due to smaller payments of prior year encumbrances in 2013 than in 2012 (\$343 in 2013 versus \$2,525 in 2012).
- The Child and Family Health Services grant had ended June 30, 2012. In 2013, the only income in that fund was \$79 in Workers' Compensation refunds for prior years, and the only disbursement was \$41 for Workers' Compensation premiums incurred in 2012. The fund account was closed as of December 31, 2013.
- 2013 Income for the Help Me Grow Early Intervention grant was \$6,985, or 6.7 percent higher than in 2012, although the FY2013 grant award was only \$3,125 (2.9 percent) higher than the FY2012 award, and the FY2014 award was 6.5 percent (\$7,266) lower than FY2013's. Slightly more than half (52.1 percent) of FY2014's award was received in calendar year 2013. Total expenditures for calendar year 2013 were \$6,688 less than in calendar year 2012. This was due in part to the lower FY2014 award and in part to the timing of grant payments, which affected cash flow. Expenditures from the fund account were limited during the last quarter of the year, as there was a shortage of available cash until the second quarter grant payment was received on December 27.
- WIC income was \$13,179 (6.8 percent) higher than in 2012. Supplemental funds totaling \$5,886 were made available in the last quarter of the grant fiscal year, which ended September 30, and 83.9 percent of the FY2013 total award was received in calendar year 2013. Disbursements totaled \$10,999 (6 percent) more than 2012 disbursements. The expenditure of the supplemental funds for additional supplies and training costs accounted for approximately 50 percent of that increase; the remaining increase was due to 3 percent pay increases that went into effect in January, as well as an increase in the total number of work hours for the program's part time employee during FY2013.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

- Total disbursements for contract services in 2013 decreased by \$58,048, or 30.5 percent, from the 2012 total. Virtually all of this is due to decreased expenditures for contract services in the PHEP and CFHS grant funds. 2013 disbursements for PHEP contracts totaled \$4,235 less than the 2012 total. Van Wert County Health Department was paid \$32,674 less due to the smaller FY2013 grant award, with a smaller allocation for Van Wert. Expenditures for epidemiology services totaled \$22,734 in 2012, compared to \$20,929 in 2013. A contract for those services with Allen County Health Department was terminated in August, 2012, and a new contract with Mercer County Health Department was initiated at that time. In 2012, \$20,750 was disbursed from the CFHS grant fund for a contract with Hospital Council of Northwest Ohio for facilitation and preparation of the Health Department's 2012 Community Health Assessment. The CFHS grant ended in mid-2012 and was not renewed for FY2013, so there were no CFHS contract expenditures in calendar year 2013.
- Disbursements for salaries totaled \$33,432 (3.2 percent) higher than 2012. Employees received a 3 percent pay increase in January. However, no new employees had been hired to replace two of the three employees who retired in 2012; instead, staff responsibilities were reorganized, and those job duties were assigned to existing employees. The new "replacement" hire entered at an annual pay rate that was approximately 12 percent less than the employee she replaced. Combined related payroll costs also decreased compared to 2012: OPERS employer contributions were \$4,918 less, Workers Compensation net costs (premium payments less refunds for prior years premiums) were \$1,349 less, while Medicare tax payments totaled \$1,284 more (one of the employees who retired in 2012 was exempt from Medicare tax contributions, as she had been hired in 1981, and the employee who replaced her is not exempt).
- Expenditures for employees' health insurance premiums decreased by \$29,345 (16.6 percent) from 2012. The decrease in total expenditures was due to a reduction in the number of employees and dependents enrolled in the plan, as premium rates for 2013 were approximately 12 percent higher than in 2012. All three employees who had retired in the last half of 2012 had been covered under the plan; during 2013 one employee changed status from family to single coverage, and three employees completely discontinued coverage through the Health Department plan.

Table 2 reflects the changes in net position in 2013. A comparative analysis of District-wide data from 2012 to 2013 is presented.

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

	Governmental Activities 2013	Governmental Activities 2012
Receipts:		
Program Receipts:		
Charges for Services	\$377,240	\$381,322
Operating Grants	497,213	537,443
Total Program Receipts	874,453	918,765
General Receipts:		
Property Taxes	691,133	697,321
Subdivisions	3,553	3,553
Grants and Entitlements not Restricted to Other Programs	181,696	182,039
Miscellaneous	24,951	22,655
Total General Receipts	901,333	905,568
Total Receipts	1,775,786	1,824,333

(Continued)

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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

	Governmental Activities 2013	Governmental Activities 2012
Disbursements:		
General Environmental Health	1,129,631	1,207,533
Food	89,466	66,950
Pools	6,243	6,219
Water	19,062	17,207
Camps/Manufactured Homes	6,212	7,993
WIC	210,918	189,039
Immunizations	36,564	46,931
Child and Family Health Services	41	26,772
Early Intervention Services Coordination	104,460	111,148
Public Health Emergency Preparedness	151,217	194,587
Total Disbursements	<u>1,753,814</u>	<u>1,874,379</u>
 Increase (decrease) in Net Position	 21,972	 (50,046)
 Net Position January 1	 <u>584,276</u>	 <u>634,322</u>
Net Position December 31	<u><u>\$606,248</u></u>	<u><u>\$584,276</u></u>

Program receipts represent 49.2 percent of total receipts and are primarily comprised of state and federal grants, which make up 56.9 percent of total program receipts; and licenses, permits and fees for various services.

General receipts represent 50.8 percent of the District's total receipts, and of this amount, over 76 percent are local taxes.

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 (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, 2013
UNAUDITED
(Continued)**

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2013	Net Cost Of Services 2013	Total Cost Of Services 2012	Net Cost Of Services 2012
General Environmental Health	\$1,129,631	\$876,804	\$1,207,533	\$956,086
Food	89,466	10,777	66,950	(12,641)
Pools	6,243	(564)	6,219	221
Water	19,062	2,599	17,207	1,805
Camps/Manufactured Homes	6,212	(41)	7,993	232
WIC	210,918	2,872	189,039	(4,786)
Immunizations	36,564	(4,037)	46,931	3,305
Child and Family Health Services	41	(38)	26,772	9,277
Other Community Health Services		(18,902)		(21,123)
Early Intervention Services Coordination	104,460	(6,585)	111,148	7,088
Public Health Emergency Preparedness	151,217	16,476	194,587	16,150
Total	<u>\$1,753,814</u>	<u>\$879,361</u>	<u>\$1,874,379</u>	<u>\$955,614</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 \$1,775,786 and disbursements of \$1,753,814. The greatest dollar amount and percent of change in activity within governmental funds occurred within the Public Health Emergency Preparedness fund. In that fund, total income decreased by \$43,696 (24.5 percent) and expenditures decreased by \$43,370 (22.2 percent).

Receipts were less than disbursements in five of the District's eleven funds, and significant cash transfers from the General Fund to the Salary Reserve Fund on the budgetary basis were necessary. The \$15,000 in cash transfers into the Salary Reserve account was planned, as transfer is the method for funding the account, in anticipation of upcoming staff retirements. The Salary Reserve account was utilized in 2013 for one payout of accumulated sick leave and vacation leave totaling \$16,335, at the retirement of an employee who had more than 30 years of service at the time of retirement. The employee's last day of work was December 31, 2012, with the payment being made in January, 2013.

There was a transfer of \$2,982 from the Child and Family Health Services fund to the General Fund in December. This transfer was made to close out the Child and Family Health Services fund, as the grant is no longer available and no transactions will be made in that fund in the future.

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 \$1,284,673 while total actual disbursements were \$1,163,060, net of other financing uses.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
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, 2013, 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 two 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 Parson, 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, 2013**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$606,248
Total Assets	<u>606,248</u>
Net Position:	
Restricted for:	
Other Purposes	76,359
Unrestricted	529,889
Total Net Position	<u>\$606,248</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, 2013**

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Primary Government Governmental Activities	
Governmental Activities:				
Environmental Health:				
General Environmental Health	\$1,129,631	\$252,422	\$405	(\$876,804)
Food	89,466	78,173	516	(10,777)
Pools	6,243	6,807		564
Water	19,062	16,362	101	(2,599)
Camps/Manufactured Homes	6,212	4,574	1,679	41
Community Health Services:				
WIC	210,918		208,046	(2,872)
Immunizations	36,564		40,601	4,037
Child and Family Health Services	41		79	38
Other Community Health Services		18,902		18,902
Early Intervention Services Coordination	104,460		111,045	6,585
Health Promotion and Planning:				
Public Health Emergency Preparedness	151,217		134,741	(16,476)
Total Governmental Activities	\$1,753,814	\$377,240	\$497,213	(879,361)
General Receipts:				
Property Taxes Levied for:				
General Health District Purposes				691,133
Subdivisions				3,553
Grants and Entitlements not Restricted to Specific Programs				181,696
Miscellaneous				24,951
Total General Receipts				901,333
Change in Net Position				21,972
Net Position Beginning of Year				584,276
Net Position End of Year				\$606,248

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, 2013**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$529,889	\$29,620	\$46,739	\$606,248
Total Assets	<u>529,889</u>	<u>29,620</u>	<u>46,739</u>	<u>606,248</u>
Fund Balances:				
Restricted		29,620	46,739	76,359
Committed	19,552			19,552
Assigned	26,036			26,036
Unassigned (Deficit)	484,301			484,301
Total Fund Balances	<u>\$529,889</u>	<u>\$29,620</u>	<u>\$46,739</u>	<u>\$606,248</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, 2013**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Intergovernmental Revenue	\$181,696	\$208,046	289,166	678,908
Property Taxes	691,133			691,133
Subdivisions	3,553			3,553
Licenses and Permits	14,030		105,917	119,947
Fees	222,757		5,360	228,117
Contract Services	1,170		28,005	29,175
Other Receipts	24,703		250	24,953
Total Receipts	<u>1,139,042</u>	<u>208,046</u>	<u>428,698</u>	<u>1,775,786</u>
Disbursements:				
Current:				
Environmental Health:				
General Environmental Health	1,091,123		38,508	1,129,631
Food			89,466	89,466
Pools			6,243	6,243
Water			19,062	19,062
Camps/Manufactured Home Parks			6,212	6,212
Community Health Services:				
WIC	16,334	194,584		210,918
Immunizations			36,564	36,564
Child and Family Health Services			41	41
Early Intervention Service Coordination			104,460	104,460
Health Promotion and Planning:				
Public Health Emergency Preparedness			151,217	151,217
Total Disbursements	<u>1,107,457</u>	<u>194,584</u>	<u>451,773</u>	<u>1,753,814</u>
Excess of Receipts Over/(Under) Disbursements	<u>31,585</u>	<u>13,462</u>	<u>(23,075)</u>	<u>21,972</u>
Other Financing Sources (Uses):				
Transfer In	2,982			2,982
Transfer Out			(2,982)	(2,982)
Advance In	8,259		27,067	35,326
Advance Out	(8,259)		(27,067)	(35,326)
Total Other Financing Sources (Uses)	<u>2,982</u>		<u>(2,982)</u>	
Net Change in Fund Balances	34,567	13,462	(26,057)	21,972
Fund Balances Beginning of Year	<u>495,322</u>	<u>16,158</u>	<u>72,796</u>	<u>584,276</u>
Fund Balances End of Year	<u>\$529,889</u>	<u>\$29,620</u>	<u>\$46,739</u>	<u>\$606,248</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, 2013**

	<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	\$696,618	\$696,618	\$694,686	(\$1,932)
Intergovernmental	176,032	176,032	181,696	5,664
Fines, Licenses and Permits	12,500	12,500	14,030	1,530
Fees	227,000	227,000	222,757	(4,243)
Contract Services	4,000	4,000	1,170	(2,830)
Miscellaneous	15,000	15,000	24,703	9,703
Total Receipts	<u>1,131,150</u>	<u>1,131,150</u>	<u>1,139,042</u>	<u>7,892</u>
Disbursements:				
Current:				
Environmental Health:				
General Environmental Health	1,284,673	1,284,673	1,163,060	121,613
Total Disbursements	<u>1,284,673</u>	<u>1,284,673</u>	<u>1,163,060</u>	<u>121,613</u>
Excess of Receipts (Under) Disbursements	<u>(153,523)</u>	<u>(153,523)</u>	<u>(24,018)</u>	<u>129,505</u>
Other Financing Sources (Uses):				
Advance In			8,259	8,259
Advance Out			(8,259)	(8,259)
Transfers In	10,000	10,000	17,982	7,982
Transfers Out	(15,000)	(15,000)	(15,000)	
Other Financing Sources	38,200	38,200	29,567	(8,633)
Total Other Financing Sources (Uses)	<u>33,200</u>	<u>33,200</u>	<u>32,549</u>	<u>(651)</u>
Net Change in Fund Balances	(120,323)	(120,323)	8,531	128,854
Prior Year Encumbrances Appropriated	12,405	12,405	12,405	
Fund Balances Beginning of Year	<u>482,918</u>	<u>482,918</u>	<u>482,917</u>	
Fund Balances End of Year	<u>\$375,000</u>	<u>\$375,000</u>	<u>\$503,853</u>	<u>\$128,854</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$192,396	\$192,396	\$208,046	\$15,650
Total Receipts	<u>192,396</u>	<u>192,396</u>	<u>208,046</u>	<u>15,650</u>
Disbursements:				
Current:				
Community Health Service:				
WIC	208,554	208,554	195,502	13,052
Total Disbursements	<u>208,554</u>	<u>208,554</u>	<u>195,502</u>	<u>13,052</u>
Excess of Receipts Over (Under) Disbursements	<u>(16,158)</u>	<u>(16,158)</u>	<u>12,544</u>	<u>28,702</u>
Prior Year Encumbrances Appropriated	149	149	149	
Fund Balances Beginning of Year	<u>16,009</u>	<u>16,009</u>	<u>16,009</u>	
Fund Balances End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$28,702</u></u>	<u><u>\$28,702</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 FUND
DECEMBER 31, 2013**

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,027</u>
Net Position:	
Unrestricted	<u><u>\$6,027</u></u>

See accompanying notes to the basic financial statements.

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**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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.

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Women, Infant 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:

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2013.

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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 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 an assignment of fund balance (cash basis). The encumbrances outstanding at year end (budget basis) amounted to:

General Fund	\$26,036
Women, Infants, and Children	918

The General Fund disbursements had an additional reconciling factor of \$29,567 as a result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$29,567 in order to more appropriately report them as reductions of expenditures against General Environmental Health.

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.

Property tax revenues received in 2013 represents the collection of 2012 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2012, were levied after October 1, 2012, 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

4. PROPERTY TAXES (Continued)

The full tax rate for all the District operations for the year ended December 31, 2013, was \$9.25 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2012 property tax receipts were based are as follows:

Real Property	\$898,334,610
Public Utility Property	298,040
Tangible Personal Property	<u>23,492,870</u>
Total Assessed Values	<u>\$922,125,520</u>

5. INTER-FUND TRANSFERS

Inter-fund transfers for the year ended December 31, 2013, were as follows:

Transfer From	Transfer To	Amount
Governmental Activities:		
Family Health	General	\$2,982

This transfer was made to close out the Child and Family Health Services fund, as the grant is no longer available and no transactions will be made in that fund in the future.

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)

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.

B. 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, 2013, 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

6. RISK MANAGEMENT (Continued)

C. 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 (the latest information available):

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

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 \$12.1million 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, 2013, 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.

<u>Contributions to PEP</u>	
2013	\$10,834
2012	\$10,039

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.

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

For 2013, 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

6. RISK MANAGEMENT (Continued)

E. 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:

	Beginning Of the Year	Deposits	Claims Paid	Balance at Year End
2013	\$3,307	\$29,789	\$27,069	\$6,027
2012	\$3,193	\$29,183	\$29,069	\$3,307

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 a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year).

Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. 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, 2013, members in state and local classifications contributed 10.0 percent of covered payroll. The District's contribution rate for 2013 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, 2013, 2012, and 2011 were \$96,786, \$98,837, and \$100,413 respectively; 93 percent has been contributed for 2013 and 100 percent for 2012 and 2011.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

8. POST-EMPLOYMENT 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.

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 2013 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, 2013, 2012 and 2011 were \$53,770, \$54,910, and \$55,785 respectively; 93 percent has been contributed for 2013 and 100 percent for 2012 and 2011.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

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 terminated July 31, 2012. In July 2012 the lease was extended to July 31, 2015. 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.

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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 45896

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 Auglaize County General Health District, Auglaize County, (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 19, 2014 wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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 opinions 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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 matter we must report under *Government Auditing Standards*.

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 District'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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

May 19, 2014

**AULGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Implementation of Changes in Accounting Principles – failed to implement Governmental Accounting Standard Board (GASB) Statement No. 63 and there were errors in the implementation of GASB Statement No.54.	No	Similar comment given in the Management Letter on GASB Statement No. 54.

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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
JUNE 12, 2014**