



**Auditor of State
Betty Montgomery**

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis - For the Year Ended December 31, 2004	9
Statement of Activities – Cash Basis - For the Year Ended December 31, 2004	10
Statement of Assets and Fund Balances - Cash Basis Governmental Funds – For the Year Ended December 31, 2004	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances – Cash Basis - Governmental Funds - For the Year Ended December 31, 2004	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2004	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Health Infrastructure Fund For the Year Ended December 31, 2004	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – WIC Fund For the Year Ended December 31, 2004	15
Statement of Fiduciary Funds – Cash Basis.....	16
Notes to the Financial Statements	17
Schedule of Federal Awards Expenditures	25
Notes to the Schedule of Federal Awards Expenditures	26
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	29
Schedule of Findings.....	31

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Auglaize County, (the District), as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Auglaize County, as of December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General, Public Health Infrastructure, and Women, Infants, and Children funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Government revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2005, 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Betty Montgomery
Auditor of State

June 9, 2005

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED**

This discussion and analysis of the Auglaize County Health District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2004, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

HIGHLIGHTS

Key highlights for 2004 are as follows:

- Net assets of governmental activities increased \$10,760, or 2.5 percent, an insignificant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the Special Revenue funds, specifically the Public Health Infrastructure Grant, which realized a 21 percent increase in receipts, with a corresponding increase in expenditures. In addition, a new grant, the Women's Health Services grant, was received from the Ohio Department of Health in 2004, making up nearly 3 percent of total receipts.
- There was a significant (approximately 15 percent) decrease in disbursements in 2004 as compared to 2003. The greatest decrease in expenditures, across all funds, was for employee health insurance coverage. While the District had participated in a partially self-insured plan in 2003, it entered into a new fully insured plan through a contract with a different carrier on March 1, 2004. Expenditures for health insurance in 2004 amounted to approximately one-third of the total of those expenditures in 2003.
- The District's general receipts are primarily property taxes. These receipts represent 34 percent of the total cash received for District activities during the year. Property tax receipts for 2004 changed very little compared to 2003, with an increase of only 1 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 Health District's modified cash basis of accounting.

Report Components

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

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

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

Basis of Accounting

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

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

REPORTING THE HEALTH DISTRICT AS A WHOLE

The General Health District, Auglaize County, is established to exercise the rights, privileges, and responsibilities conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board of Health that appoints a Health Commissioner as its Executive Officer. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and the issuance of health-related licenses and permits. The District also acts upon various complaints made by the public concerning the health and welfare of the county.

The statement of net assets and the statement of activities reflect how the District did financially during 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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 identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating.

When evaluating the District's financial condition, you should also consider other non-financial factors as well, such as the District's property tax base, the extent of the District's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property taxes.

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

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 view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant Governmental funds are presented on the financial statements in separate columns.

The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major Governmental funds are the General Fund, the Public Health Infrastructure grant fund, and the Women, Infants and Children (WIC) grant fund. The programs reported in Governmental funds are closely related to those reported in the Governmental Activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the Governmental fund financial statements.

THE DISTRICT AS A WHOLE

Table 1 provides a summary of the District's net assets for 2004 compared to 2003 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2004	2003
Assets		
Cash and Cash Equivalents	<u>\$437,432</u>	<u>\$426,672</u>
Total Assets	<u>437,432</u>	<u>426,672</u>
Net Assets		
Unrestricted	<u>437,432</u>	<u>426,672</u>
Total Net Assets	<u>\$437,432</u>	<u>\$426,672</u>

As mentioned previously, net assets of Governmental activities increased \$10,760, or 2.5 percent, during 2004. The primary reasons contributing to the increases in cash balances are as follows:

- Some growth, though small, in local tax receipts. Because the District's current operating levy is based on 1995 property valuations, growth is limited. Some new businesses opened in the county in 2003, accounting for the increases in tax receipts in 2004.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

- There was a substantial increase in Public Health Infrastructure grant funds received, with those funds being earmarked for the purchase of MARCS radio systems in each of the three counties for whom the District administers the grant.
- There was a marked decrease in total disbursements (\$291,346 or 15 percent less than 2003 disbursements), most notably in expenditures for employees' health insurance coverage, which were \$276,929 less than in 2003 (accounting for 95 percent of the total decrease in disbursements).

Table 2 reflects the changes in net assets in 2004. Since the District did not prepare financial statements in this format for 2003, a comparative analysis of District-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

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

	Governmental Activities 2004
Receipts:	
Program Receipts:	
Charges for Services	\$368,681
Operating Grants	724,571
Total Program Receipts	1,093,252
General Receipts:	
Property and Other Local Taxes	596,624
Miscellaneous	35,834
Total General Receipts	632,458
Total Receipts	1,725,710
Disbursements:	
Public Health Services	1,676,646
Capital Outlay	38,304
Total Disbursements	1,714,950
Increase (Decrease) in Net Assets	10,760
Net Assets, January 1, 2004	426,672
Net Assets, December 31, 2004	\$437,432

Program receipts represent 63 percent of total receipts and are primarily comprised of state and federal grants, which make up 66 percent of total Program Receipts; and licenses, permits, and fees for various services.

General receipts represent 37 percent of the District's total receipts, and of this amount, over 99 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

Disbursements for the Health 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.

Capital outlay signifies the disbursements for equipment for use in administering the District's services. Approximately 44 percent of the total equipment expenditures were for the MARCS radio system that was a required purchase under the Public Health Infrastructure grant.

Governmental Activities

If you look at the Statement of Activities below, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. Over 99 percent of the major program disbursements for governmental activities are for Public Health services. The next column 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. 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 is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2004	Program Receipts 2004	Net Cost of Services 2004
Public Health Services	\$1,676,646	\$1,093,252	\$583,394
Capital Outlay	38,304	-	38,304
Total Expenses	\$1,714,950	\$1,093,252	\$621,698

THE DISTRICT'S FUNDS

Total Governmental funds had receipts of \$1,725,710 and disbursements of \$1,714,950. The greatest change within Governmental funds occurred within the Public Health Infrastructure grant Fund, the balance of which increased \$41,901 as the result of additional grant funds made available during the fiscal year.

Receipts were less than disbursements in six of the District's eleven funds, but a significant cash transfer from the General Fund was necessary only in the Homemaker Services program account (\$22,300, or 34 percent of the Homemaker account's total expenditures). The Homemaker Services program is subsidized heavily by local tax receipts, as grant funding is no longer available to the District for those purposes, and raising fees high enough to completely cover the costs is not feasible in the foreseeable future. All other funds with 2004 disbursements totaling more than receipts began the year with cash balances that offset those expenditures.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

GENERAL FUND 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.

During 2004, the District amended its General and Special Revenue fund budgets to reflect changing circumstances. The addition of a new grant, the Women's Health Services grant, required an Amended Certificate of Estimated Revenue, as did a significant increase in the funds available through Public Health Infrastructure grant late in the year.

Final disbursements were budgeted at \$2,237,782 while actual disbursements were \$1,714,950. The District kept spending very close to budgeted amounts except for the employees' health insurance coverage, as noted above. Only one of the grant funds has a fiscal year synchronized with the District's fiscal year; cash flows in the grant fund accounts vary widely according to grant cycles.

CAPITAL ASSETS

Capital Assets

The District does not currently keep track of its capital assets and infrastructure. The District has not made plans to track this, as it is not required by current law.

Debt

At December 31, 2004, the District's outstanding debt included future lease payments for the office facility and large office equipment, as well as accumulated sick and vacation leave balances for the District's employees. For further information regarding the District's debt, refer to the notes to the basic financial statements.

CURRENT ISSUES

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
AS OF DECEMBER 31, 2004**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$437,432</u>
Total Assets	<u><u>\$437,432</u></u>
Net Assets	
Unrestricted	<u>437,432</u>
Total Net Assets	<u><u>\$437,432</u></u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Health	\$1,676,646	\$368,681	\$724,571	(\$583,394)
Capital Outlay	38,304			(38,304)
Total Governmental Activities	1,714,950	368,681	724,571	(621,698)
 General Receipts				
Property Taxes Levied for:				
General Purposes				596,624
Miscellaneous				35,834
Total General Receipts				632,458
Change in Net Assets				10,760
Net Assets Beginning of Year				426,672
Net Assets End of Year				\$437,432

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General</u>	<u>Infrastructure Fund</u>	<u>WIC Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	<u>\$296,642</u>	<u>\$91,380</u>	<u>\$15,076</u>	<u>\$34,334</u>	<u>\$437,432</u>
Fund Balances					
Reserved for Encumbrances	11,742		101	1,690	13,533
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	284,900				284,900
Special Revenue Funds		91,380	14,975	32,644	138,999
Total Fund Balances	<u>\$296,642</u>	<u>\$91,380</u>	<u>\$15,076</u>	<u>\$34,334</u>	<u>\$437,432</u>

See accompanying notes to the basic financial statements

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Infrastructure Fund</u>	<u>WIC Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts					
Property Taxes	\$596,624				\$596,624
Intergovernmental	132,559	\$351,034	\$111,266	\$129,712	724,571
Licenses, Permits, and Fees	192,182			127,922	320,104
Charges for Services	21,347			27,230	48,577
Miscellaneous	1,412			2,442	3,854
Total Receipts	944,124	351,034	111,266	287,306	1,693,730
Disbursements					
Current:					
Health	958,278	278,595	114,476	325,297	1,676,646
Capital Outlay	880	37,424			38,304
Total Disbursements	959,158	316,019	114,476	325,297	1,714,950
Excess of Receipts Over (Under) Disbursements	(15,034)	35,015	(3,210)	(37,991)	(21,220)
Other Financing Sources (Uses)					
Transfers In				26,829	26,829
Transfers Out	(26,829)				(26,829)
Other Financing Sources	24,682	6,886	140	272	31,980
Total Other Financing Sources (Uses)	(2,147)	6,886	140	27,101	31,980
Net Change in Fund Balances	(17,181)	41,901	(3,070)	(10,890)	10,760
Fund Balances Beginning of Year	313,823	49,479	18,146	45,224	426,672
Fund Balances End of Year	\$296,642	\$91,380	\$15,076	\$34,334	\$437,432

See accompanying notes to the basic financial statements.

**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, 2004**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues				
Property Taxes	\$583,953	\$583,953	\$596,624	\$12,671
Intergovernmental	80,000	80,000	132,559	52,559
Charges for Services	42,000	42,000	21,347	(20,653)
Licenses, Permits, and Fees	183,000	183,000	192,182	9,182
Miscellaneous	57,340	57,340	1,412	(55,928)
Total Revenues	<u>946,293</u>	<u>946,293</u>	<u>944,124</u>	<u>(2,169)</u>
Expenditures				
Current:				
Health	1,355,700	1,355,700	958,278	397,422
Capital Outlay	10,000	10,000	880	9,120
Total Expenditures	<u>1,365,700</u>	<u>1,365,700</u>	<u>959,158</u>	<u>406,542</u>
Excess of Revenues Over (Under) Expenditures	(419,407)	(419,407)	(15,034)	404,373
Other Financing Sources (Uses)				
Other Financing Sources	240,000	240,000	24,682	(215,318)
Transfers Out			(26,829)	(26,829)
Total Other Financing Sources (Uses)	<u>240,000</u>	<u>240,000</u>	<u>(2,147)</u>	<u>(242,147)</u>
Net Change in Fund Balance	(179,407)	(179,407)	(17,181)	162,226
Fund Balance Beginning of Year	<u>313,823</u>	<u>313,823</u>	<u>313,823</u>	
Fund Balance End of Year	<u><u>\$134,416</u></u>	<u><u>\$134,416</u></u>	<u><u>\$296,642</u></u>	<u><u>\$162,226</u></u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH INFRASTRUCTURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$282,000	\$282,000	\$351,034	\$69,034
Total Revenues	282,000	282,000	351,034	69,034
Expenditures				
Current:				
Health	299,405	293,581	278,595	14,986
Capital Outlay	31,600	37,424	37,424	
Total Expenditures	331,005	331,005	316,019	14,986
Excess of Revenues Over (Under) Expenditures	(49,005)	(49,005)	35,015	84,020
Other Financing Sources (Uses)				
Other Financing Sources			6,886	6,886
Total Other Financing Sources (Uses)			6,886	6,886
Net Change in Fund Balance	(49,005)	(49,005)	41,901	90,906
Fund Balance Beginning of Year	49,479	49,479	49,479	
Fund Balance End of Year	<u>\$474</u>	<u>\$474</u>	<u>\$91,380</u>	<u>\$90,906</u>

See accompanying notes to the basic financial statements.

**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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$107,076	\$107,076	\$111,266	\$4,190
Total Revenues	107,076	107,076	111,266	4,190
Expenditures				
Current:				
Health	125,188	125,188	114,476	10,712
Total Expenditures	125,188	125,188	114,476	10,712
Excess of Revenues Over (Under) Expenditures	(18,112)	(18,112)	(3,210)	14,902
Other Financing Sources (Uses)				
Other Financing Sources			140	140
Net Change in Fund Balance	(18,112)	(18,112)	(3,070)	15,042
Fund Balance Beginning of Year	18,146	18,146	18,146	
Fund Balance End of Year	<u>\$34</u>	<u>\$34</u>	<u>\$15,076</u>	<u>\$15,042</u>

See accompanying notes to the basic financial statements.

GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY

STATEMENT OF FIDUCIARY FUNDS-CASH BASIS
DECEMBER 31, 2004

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$3,145
Total Assets	<u>3,145</u>
Liabilities:	
Undistributed Assets	3,145
Total Liabilities	<u>\$3,145</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

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 General Health District, Auglaize County, (the District) as a body corporate and politic.

A five-member Board and a Health Commissioner govern the District which 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.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For acceptable OCBOA, this includes general operations, immunization, vital statistics, health related licenses and permits, disease prevention and control, homemaker and public health nursing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements follow the cash basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

A. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self balancing set of accounts. The District classifies each fund as either governmental, proprietary or fiduciary.

1. **Governmental Funds** - The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. 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 Ohio law.

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

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

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 2. Fiduciary Funds** - 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 significant 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.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statement of activities and fund financial statements providing more detailed financial information.

- 1. Government-wide Financial Statement of Activities:** This statement displays information about the District as a whole.

The government-wide 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 government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the District's general receipts.

- 2. Fund Financial Statements** - The fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, valued at the County Treasurer's reported carrying amount.

D. Inventory and Prepaid Items

On the cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

E. Capital Assets

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Fund Balance Reserves

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has reserved fund equity for encumbrances.

H. Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund 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.

I. Budgetary Data

The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts the Board may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The District uses the object level within each fund and function as its legal level of control.

The certificate of estimated resources may be amended during the year if the District projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

Budget versus actual statements for major funds are presented as part of the financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

3. CHANGE IN PRESENTATION

For the year ended December 31, 2004, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Although the District is reporting on the cash basis they have implemented new reporting requirements for cash basis financial statements that changed the fund structure.

4. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District’s appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

5. PROPERTY TAXES

The County Commissioners serve as a special taxing authority to levy a special levy outside the property tax ten-mill limitation to provide the District with sufficient funds to carry out health programs and general operations. The County Commissioners have placed a countywide levy of 1.0 mill on the ballot that gained approval by the electors of the county.

6. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2004, were as follows:

Transfer From	Transfer To	
	Women’s	
Governmental Activities:	Health	Homemaker
General	\$4,529	\$22,300

7. RISK MANAGEMENT

A. Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Employee health insurance
- Errors and omissions.

B. Risk Pool Membership

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

7. RISK MANAGEMENT (Continued)

Casualty Coverage - PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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

Property Coverage - PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions. The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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, 2003 and 2002 (the latest information available):

Casualty Coverage	2003	2002
Assets	\$25,288,098	\$20,174,977
Liabilities	<u>(12,872,985)</u>	<u>(8,550,749)</u>
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>
Property Coverage	2003	2002
Assets	\$3,158,813	\$2,565,408
Liabilities	<u>(792,061)</u>	<u>(655,318)</u>
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

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

For 2004, 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

D. Employee Medical Benefits

The District participates in a health insurance plan through Anthem Blue Cross/Blue Shield for all employees. The fully insured plan includes health, vision, prescription, and life insurance benefits.

In addition, the District has established a "Flexible Spending Account" to supplement the services provided under the health insurance plan. The plan is funded solely through voluntary employee payroll deductions, and employees file their own claims. This plan is administered by AFLAC.

The plan account activity was:

	<u>Beginning of the Year</u>	<u>Deposits</u>	<u>Claims Paid</u>	<u>Balance at Year End</u>
2004	\$1,542	\$28,922	\$27,319	\$3,145
2003	4,073	29,718	32,249	1,542

8. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or (800) 222-7377.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

8. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

For the year ended December 31, 2004, members of all three plans, were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The District's contribution rate for pension benefits for 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contribution for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2004, 2003, and 2002 were \$66,249, \$62,304, and \$48,796, respectively; 98 percent has been contributed for 2004 and 100 percent has been contributed for 2003 and 2002.

9. POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage.

The health care coverage provided by the retirement system is considered an Other Post employment Benefit (OPB) as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 employer contribution rate was 13.55 percent of covered payroll and 4.00 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund post employment benefits were \$27,790. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2003 (the latest information available), was \$10.5 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

10. CONTINGENT LIABILITIES

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

11. CONTRACTUAL OBLIGATIONS

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Women, Infants, and Children	06-1-001-1-CL-04	10.557	\$93,398
	06-1-001-1-CL-05		<u>21,078</u>
Total Women, Infants, and Children			114,476
Immunization Action Plan	06-1-001-2-AZ-03	93.268	1,772
	06-1-001-2-AZ-04		<u>38,323</u>
Total Immunization Action Plan			40,095
Public Health Infrastructure	06-1-001-2-BI-04	93.283	214,892
	06-1-001-2-BI-05		<u>101,127</u>
Total Public Health Infrastructure			316,019
Medical Assistance Program		93.991	52,905
Child and Family Health Services	06-1-001-1-MC-04	93.994	19,413
	06-1-001-1-MC-05		<u>14,219</u>
Total Child and Family Health Services			33,632
Total U.S. Department of Health and Human Services			<u>557,127</u>
Total Federal Financial Assistance			<u>\$557,127</u>

The accompanying notes are an integral part of this schedule.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State
Betty Montgomery**

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Auglaize County, (the District), as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 9, 2005. In that report, we noted the District revised its financial statement presentation for 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated June 9, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated June 9, 2005, we reported other matters related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

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

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

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

Betty Montgomery
Auditor of State

June 9, 2005



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Members of the Board:

Compliance

We have audited the compliance of the General Health District, Auglaize County, (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the General Health District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Betty Montgomery
Auditor of State

June 9, 2005

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Public Health Infrastructure CFDA #93.283
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 4, 2005**