



**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 - December 31, 2005.....	11
Statement of Activities – Cash Basis - For the Year Ended December 31, 2005.....	12
Statement of Assets and Fund Balances - Cash Basis Governmental Funds – December 31, 2005.....	13
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances – Cash Basis - Governmental Funds - For the Year Ended December 31, 2005.....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2005.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Health Infrastructure (PHI) Fund For the Year Ended December 31, 2005.....	16
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Women's, Infants and Children (WIC) Fund For the Year Ended December 31, 2005.....	17
Statement of Fiduciary Funds – Cash Basis.....	18
Notes to the Basic Financial Statements	19
Schedule of Federal Awards Expenditures	29
Notes to the Schedule of Federal Awards Expenditures	30
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	33
Schedule of Findings.....	35

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, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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, 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

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

Betty Montgomery
Auditor of State

September 15, 2006

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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, 2005, 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 2005 are as follows:

- Net assets of governmental activities decreased \$6,750, or 1.5 percent, an insignificant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General fund.
- There was an insignificant (approximately 3.4 percent) increase in disbursements in 2005 as compared to 2004. The greatest increase in expenditures, across all funds, was for supplies and for contract services.
- 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 2005 changed very little compared to 2004, with an increase of less than 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 District's cash basis of accounting.

Report Components

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

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

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

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

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 2005, 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.

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 (PHI) grant fund, and the Women, Infants and Children (WIC) grant fund. The programs reported in Governmental funds are closely related to those reported in the Governmental Activities section of the entity-wide statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

THE DISTRICT AS A WHOLE

Table 1 provides a summary of the District's net assets for 2005 compared to 2004 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$430,682	\$437,432
Total Assets	<u>\$430,682</u>	<u>\$437,432</u>
Net Assets		
Restricted	\$153,330	\$140,790
Unrestricted	277,352	296,642
Total Net Assets	<u>\$430,682</u>	<u>\$437,432</u>

As mentioned previously, net assets of Governmental activities decreased \$6,750, or 1.5 percent, during 2005. The primary reasons contributing to the decrease in cash balances are as follows:

- Some very small growth, less than 1 percent, in local tax receipts. Because the District's 2005 operating levy is based on 1995 property valuations, growth is limited. That operating levy expired on December 31, 2005; in May of 2005, the voters of Auglaize County approved a new 1.0 mil levy, which will be based on 2005 property valuations. 2006 income from that levy is anticipated to be approximately 28 percent higher than income received in 2005 from the expired levy.
- While the General fund realized an overall 4 percent increase in receipts over 2004, expenditures increased 5 percent in 2005. Because of dramatic changes in Ohio Department of Health's criteria for services to be funded by the Child and Family Health Services (CFHS) grants, there was a 27 percent decrease in that fund's income, accompanied by an 18 percent decrease in expenditures. Income in the District's largest grant, the PHI grant, was approximately 5 percent less than in 2004, but expenditures in that fund were nearly 7 percent higher than in 2004. Aggregate Special Revenue fund income increased by 0.1 percent, as the addition of a new grant in March of 2005, the Title X Family Planning project, offset the losses of grant funding in the CFHS, Women's Health Services, and PHI grants.
- Income from fees for immunizations, in the General Fund, saw the most dramatic increase, 49 percent higher than in 2004. A portion of that increase is due to the fact that approximately 10 percent more clients were served, with approximately 1,000 more doses of vaccine provided in 2005 than in the prior year. In addition, the adult vaccine program was significantly expanded in 2005.

However, because the fees charged for adult vaccines are based on the purchase price of the vaccine plus an \$8.00 per dose administration fee, receipts covered only actual costs, and no "profit" was realized. The fees charged for childhood vaccines consist of only the \$8.00 per dose administration fee. Since Ohio Department of Health uses federal funds to provide those vaccines, under federal Title VI no childhood immunization client is denied services at the Health District due to an inability to pay. In 2005, \$1,766 in fees for childhood immunization services was written off as uncollectible.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

- There was a small increase in total disbursements (\$58,728 or 3 percent more than 2004 disbursements). Most of the increase in disbursements for supplies is accounted for by the increased purchase of adult vaccines, as the District significantly expanded the range of vaccines offered to the adult population. While childhood vaccines are provided at no or nominal cost from the Ohio Department of Health, adult vaccines are purchased from biological supply entities. Purchases of pharmaceutical contraceptives for Women's Health Services and Family Planning clinic clients also increased markedly, as prices for those products rose at the same time client demand rose, due to an approximate 20 percent increase in the number of clients served in those programs. The increase in contract services expenditures is for the most part due to an earmarked increase in Public Health Infrastructure award, designated specifically for the purchase of equipment, which was passed through contractual agreements to the two health district that partner in the project. Additionally, the Women's Health Services and Title X Family Planning projects included expansion of Licensed Social Work Services provided through contractual agreements.
- Expenditures for employees' health insurance, which had gone through a dramatic reduction in 2004 from the prior year, continued to decline in 2005, after completion of the transition from a partially self-funded plan to a fully insured plan. Disbursements for health insurance decreased by approximately 11 percent in 2005 compared to 2004.

Table 2 reflects the changes in net assets in 2005. A comparative analysis of District-wide data from 2005 to 2004 is presented.

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

	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Receipts:		
Charges for Services	\$418,485	\$368,681
Operating Grants	731,263	724,571
Total Program Receipts	1,149,748	1,093,252
General Receipts:		
Property and Other Local Taxes	596,929	596,624
Miscellaneous	20,251	35,834
Total General Receipts	617,180	632,458
Total Receipts	1,766,928	1,725,710

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

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

	Governmental Activities 2005	Governmental Activities 2004
Disbursements:		
Public Health Services	1,733,664	1,676,646
Capital Outlay	40,014	38,304
Total Disbursements	1,773,678	1,714,950
Increase (Decrease) in Net Assets	(6,750)	10,760
Net Assets, January 1	437,432	426,672
Net Assets, December 31	\$430,682	\$437,432

Program receipts represent 65 percent of total receipts and are primarily comprised of state and federal grants, which make up 63 percent of total program receipts; and licenses, permits, and fees for various services.

General receipts represent 35 percent of the District's total receipts, and of this amount, over 96 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Capital outlay signifies the disbursements for equipment for use in administering the District's services. Approximately 41 percent of the total equipment expenditures were for the SWIPERS automated registration system that was a required purchase under the Public Health Infrastructure grant, while another 25 percent of total equipment expenditures was for upgrades for the District's computer local network.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. Over 97 percent of the major program disbursements for governmental activities are for Public Health services. The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the District that must be used to provide a specific service.

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Program Receipts 2005	Net Cost of Services 2005
Public Health Services	\$1,733,664	\$1,149,748	\$583,916
Capital Outlay	40,014		40,014
Total Expenses	\$1,773,678	\$1,149,748	\$623,930

THE DISTRICT'S FUNDS

Total Governmental funds had receipts of \$1,766,928 and disbursements of \$1,773,678. The greatest change within Governmental funds occurred within the Child and Family Health Services grant and Public Health Infrastructure grant Fund, the balance of which decreased as the result of reduction in grant funds made available during the fiscal year.

Receipts were less than disbursements in three of the District's twelve funds, but a significant cash transfer from the General Fund was necessary only in the Homemaker Services program account (\$24,000, or 65 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 2005 disbursements totaling more than receipts began the year with cash balances that offset those expenditures.

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 2005, the District amended its General and Special Revenue fund budget only once to reflect changing circumstances. The addition of a new grant, the Title X Family Planning grant, required an Amended Certificate of Estimated Revenue in April.

Final disbursements were budgeted at \$2,211,530 while actual disbursements were \$1,773,678. The District kept spending very close to budgeted amounts except for supplies, 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

CAPITAL ASSETS AND DEBT

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, 2005, the District's outstanding debt included future lease payments for the office facility and large office equipment. For further information regarding the District's debt, refer to Note 11 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.

This page intentionally left blank.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$430,682</u>
Total Assets	<u><u>430,682</u></u>
Net Assets	
Restricted for:	
Other Purposes	153,330
Unrestricted	<u>277,352</u>
Total Net Assets	<u><u>\$430,682</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, 2005**

	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	\$1,733,664	\$418,485	\$731,263
Capital Outlay	40,014		(583,916)
			(40,014)
Total Governmental Activities	\$1,773,678	\$418,485	\$731,263
		General Receipts	
		Property Taxes Levied for:	
		General Purposes	596,929
		Miscellaneous	20,251
		Total General Receipts	617,180
		Change in Net Assets	(6,750)
		Net Assets Beginning of Year	437,432
		Net Assets End of Year	\$430,682

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENTS OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<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>\$277,352</u>	<u>\$93,338</u>	<u>\$17,779</u>	<u>\$42,213</u>	<u>\$430,682</u>
Fund Balances					
Reserved for Encumbrances	\$10,788	12,625	\$96	\$1,954	\$25,463
Unreserved:					
Undesignated, Reported in:					
General Fund	266,564				266,564
Special Revenue Funds		80,713	17,683	40,259	138,655
Total Fund Balances	<u>\$277,352</u>	<u>\$93,338</u>	<u>\$17,779</u>	<u>\$42,213</u>	<u>\$430,682</u>

See accompanying notes to the basic financial statements

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND BALANCES
CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Infrastructure Fund</u>	<u>WIC Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts					
Property Taxes	\$596,929				\$596,929
Intergovernmental	132,881	\$335,075	\$117,172	\$146,135	731,263
Licenses, Permits, and Fees	253,222			124,233	377,455
Charges for Services	11,430			29,600	41,030
Miscellaneous	1,669			1,384	3,053
Total Receipts	996,131	335,075	117,172	301,352	1,749,730
Disbursements					
Current:					
Health	998,919	302,529	114,538	317,678	1,733,664
Capital Outlay	5,488	34,526			40,014
Total Disbursements	1,004,407	337,055	114,538	317,678	1,773,678
Excess of Receipts Over (Under) Disbursements	(8,276)	(1,980)	2,634	(16,326)	(23,948)
Other Financing Sources (Uses)					
Transfers In				24,000	24,000
Transfers Out	(24,000)				(24,000)
Other Financing Sources	12,986	3,938	69	205	17,198
Total Other Financing Sources (Uses)	(11,014)	3,938	69	24,205	17,198
Net Change in Fund Balances	(19,290)	1,958	2,703	7,879	(6,750)
Fund Balances Beginning of Year	296,642	91,380	15,076	34,334	437,432
Fund Balances End of Year	\$277,352	\$93,338	\$17,779	\$42,213	\$430,682

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$599,553	\$599,553	\$596,929	(\$2,624)
Intergovernmental	88,400	88,400	132,881	44,481
Charges for Services	22,000	22,000	11,430	(10,570)
Licenses, Permits, and Fees	192,000	192,000	253,222	61,222
Miscellaneous	500	500	1,669	1,169
Total Receipts	<u>902,453</u>	<u>902,453</u>	<u>996,131</u>	<u>93,678</u>
Disbursements				
Current:				
Health	1,267,353	1,267,353	1,009,707	257,646
Capital Outlay	8,000	8,000	5,488	2,512
Total Disbursements	<u>1,275,353</u>	<u>1,275,353</u>	<u>1,015,195</u>	<u>260,158</u>
Excess of Receipts Over (Under) Disbursements	(372,900)	(372,900)	(19,064)	353,836
Other Financing Sources (Uses)				
Other Financing Sources	88,000	88,000	12,986	(75,014)
Transfers Out			(24,000)	(24,000)
Total Other Financing Sources (Uses)	<u>88,000</u>	<u>88,000</u>	<u>(11,014)</u>	<u>(99,014)</u>
Net Change in Fund Balance	(284,900)	(284,900)	(30,078)	254,822
Fund Balance Beginning of Year	284,900	284,900	284,900	
Prior Year Encumbrances Appropriated	11,742	11,742	11,742	
Fund Balance End of Year	<u><u>\$11,742</u></u>	<u><u>\$11,742</u></u>	<u><u>\$266,564</u></u>	<u><u>\$254,822</u></u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - (BUDGET BASIS)
PUBLIC HEALTH INFRASTRUCTURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$309,391	\$309,391	\$335,075	\$25,684
Total Receipts	309,391	309,391	335,075	25,684
Disbursements				
Current:				
Health	370,551	370,551	315,154	55,397
Capital Outlay	30,000	30,000	34,526	(4,526)
Total Disbursements	400,551	400,551	349,680	50,871
Excess of Receipts Over (Under) Disbursements	(91,160)	(91,160)	(14,605)	76,555
Other Financing Sources (Uses)				
Other Financing Sources			3,938	3,938
Total Other Financing Sources (Uses)			3,938	3,938
Net Change in Fund Balance	(91,160)	(91,160)	(10,667)	80,493
Fund Balance Beginning of Year	91,380	91,380	91,380	
Fund Balance End of Year	<u>\$220</u>	<u>\$220</u>	<u>\$80,713</u>	<u>\$80,493</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - (BUDGET BASIS)
WOMEN'S INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$111,606	\$111,606	\$117,172	\$5,566
Total Receipts	111,606	111,606	117,172	5,566
Disbursements				
Current:				
Health	126,582	126,582	114,634	11,948
Total Disbursements	126,582	126,582	114,634	11,948
Excess of Receipts Over (Under) Disbursements	(14,976)	(14,976)	2,538	17,514
Other Financing Sources (Uses)				
Other Financing Sources			69	69
Total Other Financing Sources (Uses)			69	69
Net Change in Fund Balance	(14,976)	(14,976)	2,607	17,583
Fund Balance Beginning of Year	14,976	14,976	14,976	
Prior Year Encumbrances Appropriated	100	100	100	
Fund Balance End of Year	<u>\$100</u>	<u>\$100</u>	<u>\$17,683</u>	<u>\$17,583</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY FUNDS - CASH BASIS
DECEMBER 31, 2005**

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$6,209</u></u>
Net Assets	
Undistributed Assets	<u><u>\$6,209</u></u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements: The statement of net assets and a statement of activities display information about the District as a whole. The activities of the District are governmental in nature and are generally financed through taxes, intergovernmental receipts, or other non-exchange transactions.

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

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 HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 nonmajor 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. 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 Ohio law.

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

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

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

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The 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 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 members. 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 projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District 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 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 assets, valued at the County Treasurer's reported carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. 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.

I. 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.

J. 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.

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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Assets

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

3. 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

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

General Fund	\$10,788
Major Special Revenue Funds:	
Public Health Infrastructure Fund	12,625
Women’s, Infants and Children Fund	96

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. In 2005, the County Commissioners 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, 2005, were as follows:

Transfer From	Transfer To
Governmental Activities:	Homemaker
General	<u>\$ 24,000</u>

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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

7. RISK MANAGEMENT (Continued)

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

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

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position - PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

Casualty Coverage	2005	2004
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>
Property Coverage	2005	2004
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

7. RISK MANAGEMENT (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The District's share of these unpaid claims is approximately \$15,868.

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

For 2005, 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 Plan's 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:

	Beginning of the Year	Deposits	Claims Paid	Balance at Year End
2005	\$3,146	\$27,701	\$24,638	\$6,209
2004	1,543	28,922	27,319	3,146

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 plan that has elements of both a defined benefit and a defined contribution plan.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

8. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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 Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, 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 2005 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, 2005, 2004, and 2003 were \$73,710; \$66,249; and \$62,304, respectively; 98 percent has been contributed for 2005 and 100 percent has been contributed for 2004 and 2003.

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 2005 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, 2004, 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 annual increase in payroll of between 0.5 percent and 6.3 percent based on additional annual pay raises. 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

The number of active contributing participants in the traditional and combined plans was 376,109. The actual District contributions for 2005 which were used to fund postemployment benefits were \$34,687. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

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. OPERATING LEASE

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

This page intentionally left blank.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

FEDERAL GRANTOR Pass Through Grantor 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-05	10.557	\$92,022
	06-1-001-1-CL-06		<u>22,516</u>
Total Women, Infants, and Children			114,538
Title X	06-1-001-1-XX-05	93.217	31,818
Immunization Action Plan	06-1-001-2-AZ-05	93.268	33,309
Public Health Infrastructure	06-1-001-2-BI-05	93.283	257,674
	06-1-001-2-BI-06		<u>79,381</u>
Total Public Health Infrastructure			337,055
Medical Assistance Program		93.991	52,017
Child and Family Health Services	06-1-001-1-MC-05	93.994	11,437
	06-1-001-1-MC-06		<u>5,509</u>
Total Child and Family Health Services			16,946
Total U.S. Department of Health and Human Services			<u>\$585,683</u>
Total Federal Financial Assistance			<u>\$585,683</u>

See accompanying notes to the schedule of federal awards expenditures.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2005**

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.

NOTE C - COMMINGLING

Federal funds received from Immunization Action Plan, Medical Assistance Program, and Child and Family Health Services were commingled with state subsidy and local revenues. It was assumed that federal dollars were expended first.



**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, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated September 15, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

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, federal awarding agencies, and pass-through entities. 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

September 15, 2006



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, 2005. 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, 2005.

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, federal awarding agencies, and pass-through entities. 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

September 15, 2006

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**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
OCTOBER 19, 2006**