



Dave Yost • Auditor of State



**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auglaize County General Health District, Auglaize County, (the District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive 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 Auglaize County General Health District, Auglaize County, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Women, Infants, and Children (WIC), and the Public Health Emergency Vaccine (PHEV) 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 May 26, 2011 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Schedule of Federal Awards Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

May 26, 2011

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
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, 2010, within the limitations of the District's cash basis accounting. Readers should review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

- Net assets of governmental activities increased \$9,711 or 1.67 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.
- Total receipts increased by 8.4 percent, and there was a 7.5 percent increase in total disbursements in 2010 as compared to 2009. The greatest percent of increase in expenditures, across all funds, was in remittances to the State.
- The District's general receipts are primarily property and other local taxes. These receipts represent 31.8 percent of the total cash received for District activities during the year. Property and other local tax receipts for 2010 changed little in comparison with 2009, increasing by approximately 1.82 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 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.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

**Reporting The Health District As A Whole**

The statement of net assets and the statement of activities reflect how the District did financially during 2010, within the limitations of cash basis of accounting. The statement of net assets presents the cash balances of the activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program’s services, and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identified how each governmental function draws from the District’s general receipts.

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

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

**Reporting The District’s Most Significant Funds**

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

**The District As A Whole**

Table I provides a summary of the District’s net assets for 2010 compared to 2009 on a cash basis:

**(Table 1)  
Net Assets**

	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$590,181	\$580,470
Total Assets	<u>590,181</u>	<u>580,470</u>
<b>Net Assets</b>		
Restricted	120,682	177,597
Unrestricted	469,499	402,873
Total Net Assets	<u>\$590,181</u>	<u>\$580,470</u>



**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

As mentioned previously, net assets of governmental activities increased \$9,711, or 1.67 percent, during 2010. Receipts increased \$166,517, or approximately 8.4 percent over 2009, while disbursements increased \$148,221, or approximately 7.5 percent. The primary reasons for the changes are as follows:

- A \$299,257 payment of supplemental Public Health Emergency Preparedness funds was received in February for Auglaize and Van Wert Health Districts, under a special CFDA that was an addendum to the Public Health Emergency Preparedness Notice of Award. This was in addition to \$176,599 that had been received during the last quarter of 2009. Because the expenditure of these funds had to be tracked separately from the core PHEP grant, two additional accounting funds were set up with separate appropriations. A total of \$120,089 was expended in 2010 in the District's response to pandemic H1N1 influenza, and \$219,818, or 46 percent of the total award, was returned to Ohio Department of Health in October, along with \$9,769 of unspent core Public Health Emergency Preparedness funds.
- Total remittance fees paid to the State increased by \$12,615, or 31.5 percent. In October, 2009, \$5.00 had been added by State legislation to the fee that is collected for certified copies of Vital Statistics records. The entire \$5.00 is remitted to the State, with \$1.00 per certified record provided in the previous year to be returned to the local registrar on an annual basis; \$691.00 was received from the State in May, 2010 for copies provided from October through December, 2009. Also, the Public Health Council amended the Ohio Administrative Code so that the permit fee for Private Water systems was increased by \$20.00, with \$18.00 of that increase remitted to the State and \$2.00 retained locally. Remittances for Vital Statistics increased by \$11,368, or 41.1 percent; for Private Water systems by \$764.00, or 29.4 percent. There were no significant changes in 2010 in the remittance fees for other Environmental Health programs.
- There were small decreases in expenditures for salaries (3 percent) and employer contributions to Ohio Public Employees Retirement System (0.1 percent), since there was one less payroll in 2010 than 2009. The increases in salary expenditures resulting from the 1.5 percent pay increase that went into effect in January 2010 were offset by the retirement of the former Director of Environmental Health at the end of 2009, and the resignations of one full time employee in July and one part time employee in August. The former Director of Environmental Health returned to work in a different classification on a part time basis in March, 2010; the other two positions have been left vacant, with those job duties absorbed among current staff members in those classifications.
- Total lease payments for the District's office building remained the same as in 2009; the payments will remain fixed at that amount until the lease terminates in 2012. Total utility and maintenance costs decreased by 16.2 percent as compared with 2009, with payments for electricity and water usage decreasing by 1.7 percent, for local and long distance telephone service by 17.1 percent and for natural gas by 63.6 percent. The District had changed to a different long distance telephone service carrier in late 2009, and consequently paid \$802 less for service in 2010 as compared to 2009 due to that change. The billing for natural gas has been on a "budget" system for the past two years, to attempt to equalize payments across the months. However, the budget payment in 2009 had been set quite high by the gas company, resulting in a balance of several thousand dollars in the account by early 2010. Consequently, no cash payments were necessary the last eight months of the year, as the existing balance was used to make the monthly payments; the total of cash payments for natural gas service for the year was \$3,633 less than in 2009.

Table 2 reflects the changes in net assets in 2010. A comparative analysis of District-wide data from 2009 to 2010 is presented.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

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

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services	\$409,511	\$406,752
Operating Grants	794,117	648,702
Total Program Receipts	1,203,628	1,055,454
<b>General Receipts:</b>		
Property and Other Local Taxes	680,743	668,519
Grants and Entitlements not Restricted to Other Programs	243,594	241,069
Miscellaneous	12,300	8,706
Total General Receipts	936,637	918,294
Total Receipts	2,140,265	1,973,748
<b>Disbursements:</b>		
General Environmental Health	1,176,179	1,209,255
Food	72,407	62,495
Pools	4,441	6,069
Water	9,426	11,986
Camps/Manufactured Homes	6,047	8,953
WIC	179,988	155,646
Immunizations	40,373	40,190
Child and Family Health Services	27,614	30,568
Other Community Health Services	80,611	82,198
Public Health Emergency Preparedness	339,968	135,950
Public Health Infrastructure	193,500	239,023
Total Disbursements	2,130,554	1,982,333
 Increase (decrease) in Net Assets	 9,711	 (8,585)
 Net Assets January 1	 580,470	 589,055
Net Assets December 31	\$ 590,181	\$580,470

Program receipts represent 56 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 44 percent of the District's total receipts, and of this amount, over 72 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.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services.

The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the District that must be used to provide a specific service.

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

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

**(Table 3)  
Governmental Activities**

	<b>Total Cost Of Services 2010</b>	<b>Net Cost Of Services 2010</b>	<b>Total Cost Of Services 2009</b>	<b>Net Cost Of Services 2009</b>
General Environmental Health	\$1,176,179	\$884,010	\$1,209,255	\$918,061
Food	72,407	1,001	62,495	(7,978)
Pools	4,441	(816)	6,069	834
Water	9,426	264	11,986	1,967
Camps/Manufactured Homes	6,047	(1,913)	8,953	1,884
WIC	179,988	(8,105)	155,646	4,392
Immunizations	40,373	2,602	40,190	1,730
Child and Family Health Services	27,614	2,422	30,568	3,519
Other Community Health Services	80,611	(8,646)	82,198	7,748
Public Health Emergency Preparedness	339,968	60,237	135,950	(60,175)
Public Health Infrastructure	193,500	(4,130)	239,023	54,897
<b>Total</b>	<b>\$2,130,554</b>	<b>\$926,926</b>	<b>\$1,982,333</b>	<b>\$926,879</b>

**The District's Funds**

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

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

Total Governmental funds had receipts of \$2,140,265 and disbursements of \$2,130,554. The greatest percent of change within governmental funds occurred within the WIC and the Public Health Emergency Vaccination (PHEV) Grant Funds. In the WIC fund, there was an increase of \$36,839 in grant funds received, and an increase of \$24,342 in expenditures. The increased expenditures were needed to provide additional professional staff time to the program, as the caseload remained at the higher levels experienced since late 2008. Additional clerical staff time was also added, to cover the maternity leave of the clerk in the spring of 2010.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

The Public Health Emergency Response and Emergency Vaccination funds had been added in late 2009, and represented supplemental funding designated for planning and implementing the H1N1 vaccination campaign in response to the H1N1 pandemic. The Public Health Emergency Vaccination total award of \$299,257 was received in one lump sum in February 2010, and the response was completed in July, with unspent grant funds reimbursed to the State in October.

The Public Health Emergency Vaccination funds are part of the Public Health Emergency Preparedness grant. Therefore the total award of \$299,257 was allocated to the respective funds according to guidance from the grantor agency.

Receipts were less than disbursements in eight of the District's fifteen funds, and significant cash transfers from the General Fund were necessary in the Homemaker Services and Salary Reserve fund accounts. The cash transfer of \$23,000 or 37 percent of the Homemaker account's total expenditures was necessary because the Homemaker Services program is subsidized heavily by local tax receipts; grant funding is no longer available to the District for those purposes, and raising fees high enough to completely cover the cost is not feasible in the foreseeable future. However, costs in the program were significantly decreased in 2010, as one full time employee who resigned mid-year was not replaced, and 2010's cash transfer was \$11,360 less than that in 2009.

The \$10,000 in cash transfers into the Salary Reserve account were planned as transfer is the method for funding in the account, in anticipation of a number of staff retirements in the next few years. The Salary Reserve account was utilized in 2010 for a \$19,601 payout of accumulated sick and vacation leave at the retirement of an employee who had 34 years of service.

**Budgeting Highlights**

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

The most significant budgeted fund is the General Fund. Total final disbursements were budgeted at \$1,249,599 while total actual disbursements were \$1,148,123.

**Capital Assets And Debt**

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

**Debt** - At December 31, 2010, the District's outstanding debt included future lease payments for the office facility as well as accumulated sick and vacation leave balances for the District's employees. For further information regarding the District's debt, refer to Note 9 in the notes to the basic financial statements.

**Current Issues**

The challenge for all Health Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes to provide stability, so that basic operating costs can continue to be paid even when grant programs are curtailed or eliminated. The 2005 passage of a replacement levy for operating expenses allows for moderate fluctuations in the total dollar amount in local tax receipts over the life of the levy. With these resources, along with conservative spending, the District can be assured that basic service provision can continue even with shrinkage of grant funding. We plan to continue the same programs, with only minor changes, for the next three years.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

**Contacting The District's Financial Management**

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

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**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2010**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$590,181
Total Assets	<u>590,181</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Other Purposes	120,682
Unrestricted	469,499
Total Net Assets	<u>\$590,181</u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
<b>Governmental Activities</b>				
<b>Environmental Health:</b>				
General Environmental Health	\$1,176,179	\$292,169		(\$884,010)
Food	72,407	71,406		(1,001)
Pools	4,441	5,257		816
Water	9,426	9,162		(264)
Camps/Manufactured Homes	6,047	7,960		1,913
<b>Community Health Services:</b>				
WIC	179,988		188,093	8,105
Immunizations	40,373		37,771	(2,602)
Child and Family Health Services	27,614		25,192	(2,422)
Other Community Health Services	80,611	23,557	65,700	8,646
<b>Health Promotion and Planning:</b>				
Public Health Emergency Preparedness	339,968		279,731	(60,237)
Public Health Infrastructure	193,500		197,630	4,130
Total Governmental Activities	<u>\$2,130,554</u>	<u>\$409,511</u>	<u>\$794,117</u>	<u>(926,926)</u>
<b>General Receipts</b>				
<b>Property and Other Local Taxes for:</b>				
				680,743
				243,594
				12,300
Total General Receipts				<u>936,637</u>
Change in Net Assets				9,711
Net Assets Beginning of Year				<u>580,470</u>
Net Assets End of Year				<u>\$590,181</u>

See accompanying notes to the basic financial statements.



**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Public Health Emergency Vaccine (PHEV)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$469,499	\$25,596	\$62	\$95,024	\$590,181
Total Assets	<u>469,499</u>	<u>25,596</u>	<u>62</u>	<u>95,024</u>	<u>590,181</u>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	13,511	71		3,652	17,234
<b>Unreserved:</b>					
<b>Undesignated (Deficit), Reported in:</b>					
General Fund	455,988				455,988
Special Revenue Funds		25,525	62	91,372	116,959
Total Fund Balances	<u>\$469,499</u>	<u>\$25,596</u>	<u>\$62</u>	<u>\$95,024</u>	<u>\$590,181</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Public Health Emergency Vaccine (PHEV)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>					
Intergovernmental Revenue	\$243,595	\$188,093	\$216,431	\$389,592	\$1,037,711
Property Taxes	677,190				677,190
Subdivisions	3,553				3,553
Licenses and Permits	16,120			93,787	109,907
Fees	234,917			24,923	259,840
Contract Services	11,150			28,614	39,764
Other Receipts	8,423	567	124	3,186	12,300
<b>Total Receipts</b>	<b>1,194,948</b>	<b>188,660</b>	<b>216,555</b>	<b>540,102</b>	<b>2,140,265</b>
<b>Disbursements:</b>					
<b>Current:</b>					
<b>Environmental Health:</b>					
General Environmental Health	1,094,042			82,137	1,176,179
Food				72,407	72,407
Pools				4,441	4,441
Water				9,426	9,426
Camps/Manufactured Home Parks				6,047	6,047
<b>Community Health Services:</b>					
WIC		179,988			179,988
Immunizations				40,373	40,373
Child and Family Health Services				27,614	27,614
Other Community Health Services				80,611	80,611
<b>Health Promotion and Planning:</b>					
Public Health Emergency Preparedness			235,468	104,500	339,968
Public Health Infrastructure				193,500	193,500
<b>Total Disbursements</b>	<b>1,094,042</b>	<b>179,988</b>	<b>235,468</b>	<b>621,056</b>	<b>2,130,554</b>
Excess of Receipts Over/(Under) Disbursements	100,906	8,672	(18,913)	(80,954)	9,711
<b>Other Financing Sources (Uses):</b>					
Transfer In				34,280	34,280
Transfer Out	(34,280)				(34,280)
Advance In	24,743	10,275		14,468	49,486
Advance Out	(24,743)	(10,275)		(14,468)	(49,486)
<b>Total Other Financing Sources (Uses)</b>	<b>(34,280)</b>			<b>34,280</b>	
Net Change in Fund Balances	66,626	8,672	(18,913)	(46,674)	9,711
Fund Balances Beginning of Year	402,873	16,924	18,975	141,698	580,470
Fund Balances End of Year	<b>\$469,499</b>	<b>\$25,596</b>	<b>\$62</b>	<b>\$95,024</b>	<b>\$590,181</b>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property and Other Local Taxes	\$661,038	\$661,038	\$680,743	\$19,705
Intergovernmental	246,300	246,300	243,595	(2,705)
Fines, Licenses and Permits	18,000	18,000	16,120	(1,880)
Fees	226,000	226,000	234,917	8,917
Contract Services	10,500	10,500	11,150	650
Miscellaneous	1,388	1,388	8,423	7,035
Total Receipts	<u>1,163,226</u>	<u>1,163,226</u>	<u>1,194,948</u>	<u>31,722</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Environmental Health				
General Environmental Health	1,239,599	1,249,599	1,148,123	101,476
Total Disbursements	<u>1,239,599</u>	<u>1,249,599</u>	<u>1,148,123</u>	<u>101,476</u>
Excess of Receipts Over (Under) Disbursements	<u>(76,373)</u>	<u>(86,373)</u>	<u>46,825</u>	<u>133,198</u>
<b>Other Financing Sources (Uses):</b>				
Advance In			24,743	24,743
Advance Out			(24,743)	(24,743)
Transfers Out	(70,000)	(60,000)	(34,280)	25,720
Other Financing Sources	43,500	43,500	40,570	(2,930)
Total Other Financing Sources (Uses)	<u>(26,500)</u>	<u>(16,500)</u>	<u>6,290</u>	<u>22,790</u>
Net Change in Fund Balances	(102,873)	(102,873)	53,115	155,988
Prior Year Encumbrances Appropriated	17,772	17,772	17,772	
Fund Balances Beginning of Year	<u>385,101</u>	<u>385,101</u>	<u>385,101</u>	
Fund Balances End of Year	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$455,988</u>	<u>\$155,988</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACUTAL - BUDGET BASIS  
WOMEN, INFANTS AND CHILDREN (WIC) FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Intergovernmental	\$151,000	\$171,649	\$188,093	\$16,444
Other		567	567	
Total Receipts	<u>151,000</u>	<u>172,216</u>	<u>188,660</u>	<u>16,444</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Community Health Services				
WIC	167,924	189,140	180,059	9,081
Total Disbursements	<u>167,924</u>	<u>189,140</u>	<u>180,059</u>	<u>9,081</u>
Excess of Receipts Over (Under) Disbursements	(16,924)	(16,924)	8,601	25,525
<b>Other Financing Sources (Uses):</b>				
Advance In			10,275	10,275
Advance Out			(10,275)	(10,275)
Total Other Financing Sources (Uses)				
Prior Year Encumbrances Appropriated	238	238	238	
Fund Balances Beginning of Year	<u>16,686</u>	<u>16,686</u>	<u>16,686</u>	
Fund Balances End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$25,525</u></u>	<u><u>\$25,525</u></u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
PUBLIC HEALTH EMERGENCY VACCINE (PHEV) FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Intergovernmental	\$216,381	\$216,431	\$216,431	
Other		124	124	
Total Receipts	<u>216,381</u>	<u>216,555</u>	<u>216,555</u>	
<b>Disbursements:</b>				
<b>Current:</b>				
Public Health Infrastructure	235,356	276,136	276,074	\$62
Total Disbursements	<u>235,356</u>	<u>276,136</u>	<u>276,074</u>	<u>62</u>
Excess of Receipts Over (Under) Disbursements	<u>(18,975)</u>	<u>(59,581)</u>	<u>(59,519)</u>	<u>62</u>
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources		40,606	40,606	
Total Other Financing Sources (Uses)		<u>40,606</u>	<u>40,606</u>	
Net Change in Fund Balance	(18,975)	(18,975)	(18,913)	62
Prior Year Encumbrances Appropriated	327	327	327	
Fund Balances Beginning of Year	<u>18,648</u>	<u>18,648</u>	<u>18,648</u>	
Fund Balances End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$62</u></u>	<u><u>\$62</u></u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2010**

	<u>Agency</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,754</u>
Total Assets	<u><u>4,754</u></u>
<b>Net Assets:</b>	
Unrestricted	<u><u>\$4,754</u></u>

*See accompanying notes to the basic financial statements.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. DESCRIPTION OF THE GENERAL HEALTH DISTRICT AND REPORTING ENTITY**

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

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

**A. Reporting Entity**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**1. Government-wide Financial Statements**

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

Program receipts include charges paid by the recipient of the goods or services offered by the program, and grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis of accounting or draws from the general receipts of the District.

**2. Fund Financial Statements**

During the year, the District segregates transactions related to District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information at a more detailed level. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

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

**Public Health Emergency Preparedness (PHEP) Fund** - This fund receives Federal grant money used to address bioterrorism, other outbreaks of communicable diseases, and other public health threats and emergencies at the county and regional public health level.

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

**2. Fiduciary Funds**

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



**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District member. The District uses the object level within each fund and function as its legal level of control.

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

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

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

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**E. Cash and Investments**

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District did not have restricted assets.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Inter-fund Receivables/Payables**

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

**J. Compensated Absences**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

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

**L. Long-Term Obligations**

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

**M. Fund Balance Reserves**

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**N. Inter-fund Transactions**

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

**O. Net Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Net assets restricted for other purposes primarily include the amounts restricted to support the various programs of the District. There were no net assets restricted by enabling legislation at December 31, 2010.

The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**3. BUDGETARY BASIS OF ACCOUNTING**

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

General Fund	\$13,511
<b>Major Special Revenue Funds:</b>	
Women, Infants & Children	71
Public Health Emergency Vaccine	

The General Fund has an additional reconciling factor in the amount of \$26,210 as the result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$40,570 in order to more appropriately report them as reductions of expenditures against General Environmental Health. Also an adjustment was made to increase general taxes by \$14,360 to reflect gross tax collected due to fees collected at the time of tax settlements.

The Public Health Emergency Vaccine Fund also has an additional reconciling factor in the amount of \$40,606 as the result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$40,606 in order to more appropriately report them as reductions of expenditures due to unspent funds sent back to the State.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**4. PROPERTY TAXES**

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

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

Property tax revenues received in 2010 represents the collection of 2009 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

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

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

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

The full tax rate for all the District operations for the year ended December 31, 2010, was \$9.25 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$862,540,210
Public Utility Property	273,540
Tangible Personal Property	20,494,480
Total Assessed Values	\$883,308,230

**5. INTER-FUND TRANSFERS**

Inter-fund transfers for the year ended December 31, 2010, were as follows:

Transfer From	Transfer To	Amount
<b>Governmental Activities:</b>		
General	Homemaker	\$23,000
General	Salary Reserve	10,000
General	Women Health Service	1,280
		\$34,280

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**6. RISK MANAGEMENT**

**A. Risk Pool Membership**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District 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. American Risk Pooling consultants, Inc.(ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**1. Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**2. Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

<b>Casualty Coverage</b>	<b>2009</b>	<b>2008</b>
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Retained Earnings	\$21,118,036	\$20,459,329

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the District's share of these unpaid claims collectible in future years is approximately \$11,000.

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

<b>Contributions to PEP</b>	
2010	\$10,924
2009	\$ 9,163

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

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

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

For 2010, the District, through Auglaize County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping with other participants in the GRP.

The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate. The GRP then calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plans' selection criteria.

**C. Employee Medical Benefits**

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

The plan account activity was:

	<u>Beginning Of the Year</u>	<u>Deposits</u>	<u>Claims Paid</u>	<u>Balance at Year End</u>
2010	\$6,247	\$33,593	\$35,086	\$4,754
2009	\$5,539	\$34,242	\$33,534	\$6,247

**7. DEFINED BENEFIT PENSION PLANS**

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attn: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10.0 percent of covered payroll. The District's contribution rate for 2010 was 14.0 percent of covered payroll.

The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14 percent.

The District's required contributions for pension obligations to the traditional, combined and member directed plans for the years ended December 31, 2010, 2009, and 2008 were \$89,849, \$84,422, and \$72,733 respectively; 93 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

**8. POSTEMPLOYMENT BENEFITS**

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

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 12. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 local government employer units contributed at 14 percent of covered payroll. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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

The District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2010, 2009 and 2008 were \$51,223, \$61,044 and \$57,993, respectively; 93 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

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

**9. OPERATING LEASE**

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

**10. CONTINGENT LIABILITIES**

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



**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Passed Through Ohio Department of Health)</b>			
Special Supplemental Nutrition Program for Women, Infants and Children	06-1-001-1-WA-04-11	10.557	\$40,350
	06-1-001-1-WA-03-10		<u>139,638</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>179,988</u>
Family Planning Services	06-1-001-1-FP-03-11	93.217	13,335
	06-1-001-1-FP-02-09		<u>20,623</u>
Total Family Planning Services			<u>33,958</u>
Immunization Grants	006-1-001-2-IM-03-10	93.268	33,373
Public Health Emergency Preparedness	06-1-001-2-PH-01-10	93.069	110,074
	06-1-001-2-PH-02-11		72,608
		93.069 H1N1	<u>120,089</u>
Total Public Health Emergency Preparedness			<u>302,771</u>
Maternal and Child Health Services Block Grant to the States	06-1-001-1-MC-03-10	93.994	9,694
	06-1-001-1-MC-04-11		<u>7,536</u>
Total Maternal and Child Health Services Block Grant to the States			<u>17,230</u>
Total Federal Financial Assistance			<u>\$567,320</u>

*The accompanying notes are an integral part of this schedule.*

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE A: SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B: MATCHING REQUIREMENTS**

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

**NOTE C: COMMINGLING**

Federal funds received from Maternal and Child Health Services were commingled with state subsidy revenues, and federal funds received from Title X Family Planning were commingled with local revenues. It was assumed that federal dollars were expended first.

**NOTE D: UNSPENT FUNDS**

Federal funds received from the U S Department of Health and Human Services passed through the Ohio Department of Health for the Public Health Emergency Preparedness grant in the amount of \$229,587 were unspent at the end of Grant Year 2009 and were returned to the Ohio Department of Health in October 2010.



# Dave Yost • Auditor of State

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auglaize County General Health District, Auglaize County, (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 26, 2011 wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 26, 2011.

We intend this report solely for the information and use of management, Members of the Board, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

May 26, 2011



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Members of the Board:

### Compliance

We have audited the compliance of the Auglaize County General Health District (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 could directly and materially affect Auglaize County General Health District's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Auglaize County General Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

**Internal Control Over Compliance  
(Continued)**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



**Dave Yost**  
Auditor of State

May 26, 2011

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Public Health Emergency Preparedness, CFDA #93.069
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**AUGLAIZE GENERAL HEALTH DISTRICT**

**AUGLAIZE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 28, 2011**