



Dave Yost • Auditor of State

**AUGLAIZE COUNTY 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, 2011	11
Statement of Activities – Cash Basis - For the Year Ended December 31, 2011	12
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2011.....	13
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances - Cash Basis – Governmental Funds - For the Year Ended December 31, 2011	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2011	15
Statement of Fiduciary Net Assets – Fiduciary Funds – Cash Basis.....	16
Notes to the Basic Financial Statements	17
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 Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	33
Schedule of Findings.....	35

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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, the major fund, and the aggregate remaining fund information of the Auglaize County General Health District, Auglaize County, Ohio (the District), as of and for the year ended December 31, 2011, 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 2c, 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, the major fund, and the aggregate remaining fund information of the Auglaize County General Health District, Auglaize County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the accounting basis Note 2c describes.

As described in Note 2.P., during 2011 the Auglaize County General Health District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2012, 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. The Schedule of Federal Awards Expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were 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. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

July 2, 2012

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011, 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 2011 are as follows:

- Net assets of governmental activities increased \$10,445 or 1.7 percent, an insignificant change from the prior year. The fund having the greatest increase in cash and cash equivalents was the General Fund.
- Total receipts decreased by 12.7 percent, and there was a 12.8 percent decrease in total disbursements in 2011 as compared to 2010. The greatest percent of decrease in expenditures, across all funds, was in contract services, most notably for contract services associated with grant programs.
- The District's general receipts are primarily property taxes. These receipts represent 36.5 percent of the total cash received for District activities during the year. Property tax receipts for 2011 changed little in comparison with 2010, increasing by approximately 0.5 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, 2011
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 2011, 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, these changes can be thought of as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, other non-financial factors as well should be considered, such as the District's property tax base, the extent of the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net 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 fund is the General 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 2011 compared to 2010 on a cash basis:

(Table 1)
Net Assets

	2011	2010
Assets:		
Cash and Cash Equivalents	\$634,322	\$590,181
Total Assets	<u>614,740</u>	<u>590,181</u>
Net Assets:		
Restricted	140,000	120,682
Unrestricted	494,322	469,499
Total Net Assets	<u>\$634,322</u>	<u>\$590,181</u>

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

As mentioned previously, net assets of governmental activities increased \$10,445 or 1.7 percent, during 2011. Receipts decreased \$272,783, or approximately 12.7 percent less than 2010, while disbursements decreased \$273,517, or approximately 12.8 percent. The primary reasons for the changes are as follows:

- There was a very significant reduction in the total amount of grant funds received and expended in 2011 compared to 2010. Total program receipt grant income was \$227,266 less (28.6 percent), and grant expenditures totaled \$266,789 (30.9 percent) less than 2010.
- The greatest reduction in income and expenditures was seen in the Public Health Emergency Preparedness grant, along with the supplemental funds that were received as an addendum to that award. The core Preparedness Grant award for FY2012, which began August 10, 2011, was reduced by 21 percent from the FY2011 level because of a reduction in federal funds made available to the State. As a result, calendar 2011 grant income for the core project was reduced by 20 percent (\$40,704), and project expenditures were reduced by 23 percent (\$43,851) compared to 2010. As in 2010, supplemental Public Health Emergency Preparedness funds were awarded under a special CFDA that was an addendum to the Public Health Emergency Preparedness Notice of Award, but the FY2011 awards were much smaller than the awards of FY2010. A total of \$70,685 was received in the spring of 2011, and a total of \$45,929 was expended in the District's planning for response to pandemic influenza; \$24,756, or 35 percent of the total supplemental award, was returned to the Ohio Department of Health in October. In comparison, in 2010 a total of \$299,257 in supplemental funds had been received, with expenditures totaling \$120,089 during that calendar year.
- The state-funded Women's Health Services and federally-funded Title X Family Planning grant programs, which both provided support for the District's Family Planning and Prenatal clinical services, ended on June 30, 2011. The District's application for the replacement Reproductive Health and Wellness grant was not successful. Consequently, 2011 grant income to support the clinics was \$43,111 less than received in 2010, and expenditures for the two projects combined was \$38,619 less than in 2010. Since July, the District has continued to provide clinical Family Planning services, with the costs for providing those services paid with local tax funds in addition to income from patient fees. The client caseload has remained stable, with approximately the same number of clients and client visits in the second half of the year as compared to the first half, when grant funding was available.
- Income in the Immunization Action Plan grant increased by \$8,168 (22 percent) and expenditures rose by \$4,744, or approximately 12 percent over 2010. This was due to the District receiving a higher award in FY2011, as more federal funds were made available to the State for this program.
- The WIC grant program 2011 income was reduced by approximately 18 percent (\$34,447), while project expenditures were approximately \$5,099 (3 percent) less than in 2010. While the FY2011 grant award was actually higher than the FY2010 award, program staffing issues made it impossible to expend the additional funds during 2011, as it had been designated specifically for the employment of a part time fourth WIC employee. Two of the three WIC employees experienced lengthy medical leaves during the year, and the third employee resigned in August, requiring the recruitment, hiring, and training of a new employee.
- The Child and Family Health Services FY2012 grant award, that began July 1, 2011, is over 68 percent higher than the FY2011 award. Total grant income for that project increased by \$7,687, or 30 percent over calendar year 2010; but expenditures decreased by \$3,032, or 11 percent, mainly due to a delay in receiving an invoice that was due in December from the program's major contractor.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

There were small decreases in total expenditures for salaries (6.5 percent) and corresponding employer contributions to Ohio Public Employees Retirement System (6 percent) and Medicare Tax (5.5 percent). No salary increases were provided to existing employees during 2011, and two full-time and one part-time employee resigned mid-year. Each of those positions were left vacant for several weeks before being filled with new employees whose starting wages are at a lower rate than the resigning employees.

Table 2 reflects the changes in net assets in 2011. A comparative analysis of District-wide data from 2010 to 2011 is presented.

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

	Governmental Activities 2011	Governmental Activities 2010
Receipts:		
Program Receipts:		
Charges for Services	\$ 389,503	\$ 409,511
Operating Grants	566,851	794,117
Total Program Receipts	956,354	1,203,628
General Receipts:		
Property and Other Local Taxes	680,921	677,190
Subdivisions	3,553	3,553
Grants and Entitlements not Restricted to Other Programs	220,236	243,594
Miscellaneous	6,418	12,300
Total General Receipts	911,128	936,637
Total Receipts	1,867,482	2,140,265
Disbursements:		
General Environmental Health	1,159,494	1,176,179
Food	75,484	72,407
Pools	6,213	4,441
Water	11,252	9,426
Camps/Manufactured Homes	9,329	6,047
WIC	174,889	179,988
Immunizations	45,147	40,373
Child and Family Health Services	24,583	27,614
Other Community Health Services	41,987	80,611
Early Intervention Services Coordination	88,292	
Public Health Emergency Preparedness	70,718	339,968
Public Health Infrastructure	149,649	193,500
Total Disbursements	1,857,037	2,130,554
Increase (decrease) in Net Assets	10,445	9,711
Net Assets January 1, Restated	623,877	580,470
Net Assets December 31	\$ 634,322	\$ 590,181

Program receipts represent 51 percent of total receipts and are primarily comprised of state and federal grants, which make up 59.3 percent of total program receipts; and licenses, permits and fees for various services.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

General receipts represent 49 percent of the District's total receipts, and of this amount, over 74 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Governmental Activities

In the Statement of Activities, the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the District that must be used to provide a specific service.

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

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

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2011	Net Cost Of Services 2011	Total Cost Of Services 2010	Net Cost Of Services 2010
General Environmental Health	\$1,159,494	\$892,953	\$1,176,179	\$884,010
Food	75,484	5,065	72,407	1,001
Pools	6,213	472	4,441	(816)
Water	11,252	(5,783)	9,426	264
Camps/Manufactured Homes	9,329	1,025	6,047	(1,913)
WIC	174,889	19,837	179,988	(8,105)
Immunizations	45,147	(870)	40,373	2,602
Child and Family Health Services	24,583	(8,402)	27,614	2,422
Other Community Health Services	41,987	(9,246)	80,611	(8,646)
Early Intervention Services Coordination	88,292	14,114		
Public Health Emergency Preparedness	70,718	33	339,968	60,237
Public Health Infrastructure	149,649	(8,515)	193,500	(4,130)
Total	<u>\$1,857,037</u>	<u>\$900,683</u>	<u>\$2,130,554</u>	<u>\$926,926</u>

THE DISTRICT'S FUNDS

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

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

Total Governmental funds had receipts, net of other financing sources and uses, of \$1,867,482 and disbursements of \$1,857,037. The greatest percent of change within governmental funds occurred within the Public Health Emergency Response and Emergency Vaccination funds, as those supplemental awards received 76 percent less than in 2010, and expenditures of the funds totaled 83 percent less than in 2010.

Receipts were less than disbursements in nine 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 \$5,000, or 10 percent, of the Homemaker account's total expenditures were necessary because the program is subsidized heavily by local tax receipts; grant funding is not available to the District for those purposes, and raising fees high enough to completely cover the cost is not feasible. However, costs in the program decreased by 17 percent in 2011 as compared to 2010; a decrease in caseload allowed the re-assignment of both full time employees to other programs for approximately 10 percent of their work time, with those personnel costs paid from those programs' funding sources. As a result, 2011's cash transfer of levy funds to support the program was \$18,000 less than 2010.

The \$15,000 cash transfers into the Salary Reserve account were planned, as transfers are the method for funding 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. It will be utilized again in 2012 for payouts of two retirees who each have more than 25 years of service at the time of retirement.

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 receipts, net of other financing sources, were budgeted at \$1,175,653 while total actual receipts were \$1,149,368.

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, 2011, 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, 2011
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, 2011**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$634,322
Total Assets	<u>634,322</u>
Net Assets:	
Restricted for:	
Other Purposes	140,000
Unrestricted	<u>494,322</u>
Total Net Assets	<u>\$634,322</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, 2011**

	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
			<u>Primary Government Governmental Activities</u>
Governmental Activities:			
Environmental Health:			
General Environmental Health	\$1,159,494	\$266,541	(\$892,953)
Food	75,484	70,419	(5,065)
Pools	6,213	5,741	(472)
Water	11,252	17,035	5,783
Camps/Manufactured Homes	9,329	8,304	(1,025)
Community Health Services:			
WIC	174,889		(19,837)
Immunizations	45,147		870
Child and Family Health Services	24,583		8,402
Other Community Health Services	41,987	21,463	9,246
Early Intervention Services Coordination	88,292		(14,114)
Health Promotion and Planning:			
Public Health Emergency Preparedness	70,718		(33)
Public Health Infrastructure	149,649		8,515
Total Governmental Activities	\$1,857,037	\$389,503	(900,683)
General Receipts:			
Property Taxes Levied for:			
General Health District Purposes			680,921
Subdivisions			3,553
Grants and Entitlements not Restricted to Specific Programs			220,236
Miscellaneous			6,418
Total General Receipts			911,128
Change in Net Assets			10,445
Net Assets Beginning of Year, Restated - Note 11			623,877
Net Assets End of Year			\$634,322

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, 2011**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$494,322	\$140,000	\$634,322
Total Assets	494,322	140,000	634,322
Fund Balances:			
Restricted		138,596	138,596
Assigned	21,279	1,404	22,683
Unassigned (Deficit)	473,043		473,043
Total Fund Balances	\$494,322	\$140,000	\$634,322

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, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:			
Intergovernmental Revenue	\$220,236	\$566,851	\$787,087
Property Taxes	680,921		680,921
Subdivisions	3,553		3,553
Licenses and Permits	13,435	101,499	114,934
Fees	216,962	12,232	229,194
Contract Services	9,040	36,336	45,376
Other Receipts	5,222	1,195	6,417
Total Receipts	<u>1,149,369</u>	<u>718,113</u>	<u>1,867,482</u>
Disbursements:			
Current:			
Environmental Health:			
General Environmental Health	1,107,532	51,962	1,159,494
Food		75,484	75,484
Pools		6,213	6,213
Water		11,252	11,252
Camps/Manufactured Home Parks		9,329	9,329
Community Health Services:			
WIC		174,889	174,889
Immunizations		45,147	45,147
Child and Family Health Services		24,583	24,583
Other Community Health Services		41,987	41,987
Early Intervention Service Coordination		88,292	88,292
Health Promotion and Planning:			
Public Health Emergency Preparedness		70,718	70,718
Public Health Infrastructure		149,649	149,649
Total Disbursements	<u>1,107,532</u>	<u>749,505</u>	<u>1,857,037</u>
Excess of Receipts Over/(Under) Disbursements	<u>41,837</u>	<u>(31,392)</u>	<u>10,445</u>
Other Financing Sources (Uses):			
Transfer In	2,986	20,000	22,986
Transfer Out	(20,000)	(2,986)	(22,986)
Advance In	28,186	28,186	56,372
Advance Out	(28,186)	(28,186)	(56,372)
Total Other Financing Sources (Uses)	<u>(17,014)</u>	<u>17,014</u>	
Net Change in Fund Balances	24,823	(14,378)	10,445
Fund Balances Beginning of Year, Restated - Note 11	<u>469,499</u>	<u>154,378</u>	<u>623,877</u>
Fund Balances End of Year	<u><u>\$494,322</u></u>	<u><u>\$140,000</u></u>	<u><u>\$634,322</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$666,253	\$666,253	\$684,474	\$18,221
Intergovernmental	240,200	240,200	220,235	(19,965)
Fines, Licenses and Permits	16,200	16,200	13,435	(2,765)
Fees	235,400	235,400	216,962	(18,438)
Contract Services	9,200	9,200	9,040	(160)
Miscellaneous	8,400	8,400	5,222	(3,178)
Total Receipts	<u>1,175,653</u>	<u>1,175,653</u>	<u>1,149,368</u>	<u>(26,285)</u>
Disbursements:				
Current:				
Environmental Health				
General Environmental Health	1,238,511	1,252,022	1,162,031	89,991
Total Disbursements	<u>1,238,511</u>	<u>1,252,022</u>	<u>1,162,031</u>	<u>89,991</u>
Excess of Receipts Over (Under) Disbursements	<u>(62,858)</u>	<u>(76,369)</u>	<u>(12,663)</u>	<u>63,706</u>
Other Financing Sources (Uses):				
Advance In			28,186	28,186
Advance Out			(28,186)	(28,186)
Transfers In			2,986	2,986
Transfers Out	(50,000)	(50,000)	(20,000)	30,000
Other Financing Sources	41,900	41,900	33,222	(8,678)
Total Other Financing Sources (Uses)	<u>(8,100)</u>	<u>(8,100)</u>	<u>16,208</u>	<u>24,308</u>
Net Change in Fund Balances	(70,958)	(84,469)	3,545	88,014
Prior Year Encumbrances Appropriated	13,511	13,511	13,511	
Fund Balances Beginning of Year	<u>455,988</u>	<u>455,988</u>	<u>455,988</u>	
Fund Balances End of Year	<u>\$398,541</u>	<u>\$385,030</u>	<u>\$473,044</u>	<u>\$88,014</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, 2011**

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,193</u>
Total Assets	<u><u>3,193</u></u>
Net Assets:	
Unrestricted	<u><u>\$3,193</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, 2011**

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, 2011
(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 all governmental functions of the District are financed. The following is the District's major governmental fund:

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.

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:

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.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(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 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, 2011
(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 another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance

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

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

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

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

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

N. Inter-fund Transactions

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2011.

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

P. Change in Accounting Principle

For the year ended December 31, 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"*.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as non-spendable, restricted, committed, assigned and/or unassigned. The implementation of GASB 54 had no impact on previously reported balances.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General 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	\$21,279
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The General Fund has an additional reconciling factor in the amount of \$20,369 as the result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$33,222 in order to more appropriately report them as reductions of expenditures against General Environmental Health. Also an adjustment to increase general taxes by \$12,853 to reflect gross tax collected due to fees collected at the time of tax settlements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

4. PROPERTY TAXES

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

Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 2008 (Calendar year 2009). The last revaluation update was completed in tax year 2011 (calendar year 2012). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

Property tax revenues received in 2011 represents the collection of 2010 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2010, were levied after October 1, 2010, 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, 2011, was \$9.25 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$870,665,630
Public Utility Property	290,660
Tangible Personal Property	18,208,090
Total Assessed Values	<u>\$889,164,380</u>

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

5. INTER-FUND TRANSFERS

Inter-fund transfers for the year ended December 31, 2011, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Governmental Activities:		
General	Homemaker	\$ 5,000
General	Salary Reserve	15,000
Women Health Service	General	1,678
Title X	General	1,162
PHER	General	86
PHEV	General	60
		<u>\$22,986</u>

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. Transfers from the Women Health Service Fund, Title X Fund, PHER Fund and PHEV Fund to the General Fund were made to close out the grant funds by transferring patient fees and workers compensation refunds received after the grant year-end to the General Fund.

6. RISK MANAGEMENT

A. Risk Pool Membership

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

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, 2010, 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, 2010 and 2009 (the latest information available):

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

6. RISK MANAGEMENT (Continued)

Casualty Coverage	2010	2009
Assets	\$34,952,010	\$36,374,898
Liabilities	(14,320,812)	(15,256,862)
Retained Earnings	\$20,631,198	\$21,118,036

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the District's share of these unpaid claims collectible in future years is approximately \$10,000.

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.

Contributions to PEP	
2011	\$10,509
2010	\$10,924

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 2011, 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.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

6. RISK MANAGEMENT (Continued)

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:

	Beginning Of the Year	Deposits	Claims Paid	Balance at Year End
2011	\$4,754	\$32,618	\$34,179	\$3,193
2010	\$6,247	\$33,593	\$35,086	\$4,754

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, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2011, members in state and local classifications contributed 10.0 percent of covered payroll. The District's contribution rate for 2011 was 14.0 percent of covered payroll.

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

Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14 percent.

The District's required contributions for pension obligations to the traditional, combined and member directed plans for the years ended December 31, 2011, 2010, and 2009 were \$100,413, \$89,849, and \$84,422 respectively; 92 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

8. POSTEMPLOYMENT BENEFITS

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying 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.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units.

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

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

The District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2011, 2010 and 2009 were \$55,785, \$51,223, and 61,044, respectively; 92 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

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 on January 1 of each year from 2006 to, 2008, which allowed additional funds to be allocated to the health care plan.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

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.

11. RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCES

Net assets of Governmental Activities were restated at December 31, 2010, as a result of including the Help Me Grow grant activity on the District's financial statements. This change had the following effect on net assets/fund balances as previously reported:

	Net Assets Governmental Activities	Fund Balance Other Governmental Funds
Net Assets, Fund Balances at December 31, 2010	\$590,181	\$120,682
Restatement for Help Me Grow	33,696	33,696
Restated Net Assets, Fund Balance at December 31, 2010	\$623,877	\$154,378

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Passed Through Ohio Department of Health)			
Special Supplemental Nutrition Program for Women, Infants and Children	06-1-001-1-WA-04-11	10.557	\$138,034
	06-1-001-1-WA-04-12		<u>36,856</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>174,890</u>
Family Planning Services	06-1-001-1-FP-03-11	93.217	<u>16,500</u>
Immunization Grants	006-1-001-2-IM-04-11	93.268	<u>45,147</u>
Public Health Emergency Preparedness	06-1-001-2-PH-02-11	93.069	100,583
		93.069 H1N1 I	7,723
		93.069 H1N1 II	1,701
		93.069 H1N1 III	36,843
	06-1-001-2-PH-03-12	93.069	<u>48,756</u>
Total Public Health Emergency Preparedness			<u>195,606</u>
Maternal and Child Health Services Block Grant to States	06-1-001-1-MC-04-11	93.994	10,917
	06-1-001-1-MC-04-12		<u>10,672</u>
Total Maternal and Child Health Services Block Grant to States			<u>21,589</u>
Total U.S. Department of Health and Human Services			<u><u>\$453,732</u></u>
U.S. Department of Education (Passed Through Ohio Department of Health)			
Early Intervention Services (IDEA) Cluster			
Special Education-Grants for Infants and Families	006-1-001-1-HG-02-09	84.181	23,334
	006-1001-1-HG-03-12		<u>47,360</u>
Total Special Education-Grants for Infants and Families			<u>70,694</u>
ARRA Special Education-Grants for Infants and Families	006-1-001-1-HA-02-11	84.393A	<u>17,598</u>
Total Early Intervention Services (IDEA) Cluster			<u>88,292</u>
Total U.S. Department of Education			<u>88,292</u>
Total Federal Financial Assistance			<u><u>\$542,024</u></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, 2011**

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 Block Grant were commingled with state subsidy revenues, and federal funds received from Family Planning Services 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 \$24,756 were unspent at the end of Grant Year 2010 and were returned to the Ohio Department of Health in October 2011.



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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 2, 2012, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles and adopted the provisions of Governmental Accounting Standards Board Statement No. 54. 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 intend this report solely for the information and use of management, Members of the Board, others within the District, and federal awarding agencies and pass-through entities. 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

July 2, 2012



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 the District's major federal program for the year ended December 31, 2011. 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these 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, 2011.

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.

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**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 noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated July 2, 2012.

We intend this report solely for the information and use of the audit committee, management, the Board of Health, 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

July 2, 2012

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

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 weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control 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 weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control 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(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children, CFDA #10.557
<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.

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AUGLAIZE COUNTY GENERAL HEALTH DISTRICT

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 09, 2012**