



Mary Taylor, CPA
Auditor of State

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

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Mary Taylor, CPA

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, 2009, 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 the Auglaize County General Health District, Auglaize County, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General, Women, Infants and Children (WIC), and the Public Health Infrastructure (PHI)/Public Health Emergency Preparedness (PHEP) 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 April 1, 2010, 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.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 1, 2010

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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, 2009, 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 2009 are as follows:

- Net assets of governmental activities decreased \$8,585 or 1.46 percent, an insignificant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Public Health Infrastructure/Public Health Emergency Preparedness fund.
- Total receipts decreased by 1.7 percent and there was an 0.18 percent increase in total disbursements in 2009 as compared to 2008. The greatest increases in expenditures, across all funds, were for contracts, as supplemental Public Health Emergency Response (H1N1) funds were distributed to Van Wert County Health District late in the year.
- The District's general receipts are primarily property taxes. These receipts represent 34 percent of the total cash received for District activities during the year. Property tax receipts for 2009 changed little in comparison with 2008, decreasing by approximately 2.88 percent, most of which is due to the phasing out of the tangible personal property tax.

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 the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid. As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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 2009, 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 Public Health Infrastructure (PHI) / Public Health Emergency Preparedness (PHEP) Grant Fund, and the Women, Infants and Children (WIC) grant fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

The District as A Whole

Table 1 provides a summary of the District's net assets for 2009 compared to 2008 on a cash basis.

(Table 1)
Net Assets

	2009	2008
Assets:		
Cash and Cash Equivalents	\$580,470	\$589,055
Total Assets	<u>580,470</u>	<u>589,055</u>
Net Assets:		
Restricted	177,597	166,973
Unrestricted	402,873	422,082
Total Net Assets	<u>\$580,470</u>	<u>\$589,055</u>

As mentioned previously, net assets of governmental activities decreased by \$8,585, or 1.46 percent, during 2009. Receipts decreased by \$34,594, or approximately 1.7 percent over 2008, while disbursements increased \$3,492, or approximately 0.18 percent. The primary reasons for the changes are as follows:

- There was a significant reduction of \$29,818, or 81.8 percent, in the amount of income from local tangible property tax receipts in comparison to the previous year, due to changes in state law that required the phased elimination of that tax. The implementation of the Commercial Activity Tax as a "replacement" will not be beneficial to the District, as income from that tax is not apportioned to the District.
- Income from Medicaid and Medicare increased by 359 percent, or \$58,233, over 2008. Virtually all of the increase is accounted for by the utilization of an electronic billing program that had been purchased in 2008 for use in the Immunizations and Women's Health/Family Planning programs, which has made billing more timely and accurate, and receipt of payments more rapid. Part of the rise in income can also be attributed to a greater proportion of Immunization clients becoming eligible for Medicaid coverage due to the current economic situation.
- 2009 income in the District's largest grant, the Public Health Infrastructure (PHI) / Public Health Emergency Preparedness (PHEP) Grant, was significantly (\$195,559 or 51.5 percent) lower than in 2008. The decrease in income was due to a combination of circumstances. 2008's income had included grant payments that had been delayed from late 2007, but there had not been a significant change in the total grant award from the previous fiscal year. In 2009, there was a significant decrease in the total grant award; with the beginning of the grant's new fiscal year in August, the District no longer administered the grant for Mercer County Health Department, whose allocation had made up approximately 35 percent of the total award in previous grant years. The FY2010 awards for Auglaize and Van Wert Health Districts remained the same dollar amounts as in FY2009.
- Additional federal grant funds were made available in late 2009 to assist the District with its response to the 2009 H1N1 Influenza pandemic. \$176,599 was received in supplemental Public Health Emergency Response funds for Auglaize and Van Wert Health Districts, under a special CFDA that was an addendum to the Public Health Emergency Preparedness Notice of Award. An additional \$299,257 supplemental award was applied for in December and will be received in early 2010. Because the expenditure of these funds must be tracked separately from the core PHEP grant, two additional accounting funds were set up with separate appropriations.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

- There were small increases in expenditures for salaries (7.6 percent) and employer contributions to Ohio Public Employees Retirement System (2.8 percent), due to annual employee pay increases of 3 percent that went into effect in January, 2009, as well as an additional (27th) payroll in the year.
- The premium rates for the District's employee health insurance plan rose by approximately 8 percent in January, but total yearly expenditures for employee health insurance decreased by \$43,765, or 22.5 percent. This was due to a change in Board of Health policy, enacted in late 2008, which required that any premiums for secondary coverage for employees' dependents be paid in full by the employee (premiums for all subscribers are individually rated by gender and age). As a result, seven employees discontinued the secondary coverage for their dependents in 2009. Employees' premium contributions otherwise remained at the same rates as in 2008.
- Total lease payments for the District's office building remained the same as in 2008; the payments will remain fixed at that amount until the lease terminates in 2012. Total utility and maintenance costs rose by 8.9 percent as compared with 2008, with payments for electricity and water usage rising by 4.2 percent, for natural gas by 20.0 percent, and for local and long distance telephone service by 7.7 percent.
- Disbursements for aggregate contract services increased by \$37,717, or 12.6 percent. This increase is attributed to the supplemental Public Health Emergency Response H1N1 fund payments that were made to Van Wert County Health Department in September and November.
- Total disbursements for supplies decreased by 20.3 percent from 2008, most notably in the General and PHI funds. Throughout the year, management encouraged employees to use existing supplies inventory and to reduce the use and wastage of paper, pens, printer ink, and other routine supplies to the greatest degree possible, in an effort to reduce costs.

Table 2 reflects the changes in net assets in 2009. A comparative analysis of District-wide data from 2008 to 2009 is presented.

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

	Governmental Activities 2009	Governmental Activities 2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 406,752	\$ 394,573
Operating Grants and Contributions	648,702	628,790
Total Program Receipts	1,055,454	1,039,723
General Receipts:		
Property and Other Local Taxes	668,159	688,185
Grants and Entitlements not Restricted to Other Programs	241,069	226,028
Miscellaneous	8,706	54,406
Total General Receipts	918,294	968,619
Total Receipts	1,973,748	2,008,342

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

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

	Governmental Activities 2009	Governmental Activities 2008
Disbursements:		
General Environmental Health	1,209,255	1,287,063
Food	62,495	72,629
Pools	6,069	4,701
Water	11,986	11,082
Camps/Manufactured Homes	8,953	5,003
WIC	155,646	139,234
Immunizations	40,190	45,002
Child and Family Health Services	30,568	29,369
Other Community Health Services	82,198	79,326
Public Health Infrastructure	239,023	305,432
Public Health Emergency Preparedness	135,950	
Total Disbursements	<u>1,982,333</u>	<u>1,978,841</u>
Increase (decrease) in Net Assets	<u>(8,585)</u>	<u>29,501</u>
Net Assets January 1	<u>589,055</u>	<u>559,554</u>
Net Assets December 31	<u>\$ 580,470</u>	<u>\$ 589,055</u>

Program receipts represent 53.5 percent of total receipts and are primarily comprised of state and federal grants, which make up 61.5 percent of total program receipts.

General receipts represent 46.5 percent of the District's total receipts, and of this amount, approximately 73 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

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.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2009	Net Cost Of Services 2009	Total Cost Of Services 2008	Net Cost Of Services 2008
General Environmental Health	\$1,209,255	\$918,061	\$1,287,063	\$1,013,334
Food	62,495	(7,978)	72,629	424
Pools	6,069	834	4,701	(649)
Water	11,986	1,967	11,082	(2,945)
Camps/Manufactured Homes	8,953	1,884	5,003	(2,043)
WIC	155,646	4,392	139,234	17,982
Immunizations	40,190	1,730	45,002	5,002
Child and Family Health Services	30,568	3,519	29,369	(3,700)
Other Community Health Services	82,198	7,748	79,326	(14,015)
Public Health Infrastructure	239,023	54,897	305,432	(74,272)
Public Health Emergency Preparedness	135,950	(60,175)		
Total	\$1,982,333	\$926,879	\$1,978,841	\$ 939,118

The District's Funds

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

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

Total Governmental funds had receipts of \$1,973,748 and disbursements of \$1,982,333 before other financing sources and uses. The greatest changes within governmental funds occurred within the Public Health Infrastructure (PHI) /Public Health Emergency Preparedness (PHEP) and the Public Health Response and Emergency Vaccination funds. The Public Health Infrastructure/Emergency Preparedness Grant total award was reduced by over one-third compared with 2008, beginning with the new fiscal year in August 2009, as noted in The District as a Whole section above. The Public Health Response and Emergency Vaccination funds were added in late 2009, and represent one-time supplemental funding for planning and implementing the H1N1 vaccination campaign in response to the H1N1 pandemic.

Receipts were less than disbursements in ten of the District's fifteen funds, and significant cash transfers from the General Fund were necessary in the Homemaker Services, Salary Reserve, Women's Health Services, and ODH Family Planning fund accounts. The cash transfer of \$34,360 or 47 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. The cash transfers into the Salary Reserve account were planned as it is the method for funding the account, in anticipation of a number of staff retirements in the next five years. The Women's Health Services Grant FY2010 award is 11.1 percent less than the FY2009 fiscal year due to State budget constraints, and program income in both that fund and the Title X Family Planning fund were significantly reduced (14.1 percent and 21.2 percent, respectively) as compared to 2008. Charges for services for clients in those programs are based on a sliding fee scale, and the proportion of clients who were charged 0 to 20 percent of the standard charge increased dramatically. An outreach effort to women with low incomes resulted in 71% of new clients having incomes at or below 150% of the Federal Poverty Level.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

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 \$1,350,461 while total actual disbursements were \$1,194,996 before other financing uses.

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, 2009, 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, and the county's industry is now feeling the effects of the national depression, and the unemployment rate continues to stay above the 10 percent level. 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 continue its slow rate of financial growth, and can be assured that basic service provision can continue even with shrinkage of grant funding. We plan to continue the same programs, with only minor changes, for the next three years.

Contacting The District's Financial Management

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

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**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$580,470
Total Assets	<u>580,470</u>
Net Assets	
Restricted for:	
Other Purposes	177,597
Unrestricted	402,873
Total Net Assets	<u>\$580,470</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental Activities:			
Environmental Health:			
General Environmental Health	\$1,209,255	\$291,194	(\$918,061)
Food	62,495	70,473	7,978
Pools	6,069	5,235	(834)
Water	11,986	10,019	(1,967)
Camps/Manufactured Homes	8,953	7,069	(1,884)
Community Health Services:			
WIC	155,646	\$151,254	(4,392)
Immunizations	40,190	38,460	(1,730)
Child and Family Health Services	30,568	27,049	(3,519)
Other Community Health Services	82,198	22,762	(7,748)
Health Promotion and Planning:			
Public Health Infrastructure	239,023	184,126	(54,897)
Public Health Emergency Preparedness	135,950	196,125	60,175
Total Governmental Activities	\$1,982,333	\$406,752	(\$648,702)
General Receipts:			
Property Taxes Levied for:			
			668,519
			Grants and Entitlements not
			Restricted to Specific Programs 241,069
			Miscellaneous 8,706
			Total General Receipts 918,294
			Change in Net Assets (8,585)
			Net Assets Beginning of Year 589,055
			Net Assets End of Year \$580,470

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>PHI/PHEP</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$402,873	\$16,924	\$29,163	\$131,510	\$580,470
Total Assets	<u>402,873</u>	<u>16,924</u>	<u>29,163</u>	<u>131,510</u>	<u>580,470</u>
Fund Balances:					
Reserved:					
Reserved for Encumbrances	17,772	238	6,323	2,591	26,924
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	385,101				385,101
Special Revenue Funds		16,686	22,840	128,919	168,445
Total Fund Balances	<u>\$402,873</u>	<u>\$16,924</u>	<u>\$29,163</u>	<u>\$131,510</u>	<u>\$580,470</u>

See accompanying notes to the basic financial statements.

**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, 2009**

	General	Women, Infants, and Children	PHI/PHEP	Other Governmental Funds	Total Governmental Funds
Receipts:					
Intergovernmental Revenue	\$241,069	\$151,254	\$184,126	\$313,322	\$889,771
Property Taxes	664,966				664,966
Subdivisions	3,553				3,553
Licenses and Permits	17,465			92,796	110,261
Fees	235,009			21,426	256,435
Contract Services	10,125			29,931	40,056
Other Receipts	7,554	293	181	678	8,706
Total Receipts	1,179,741	151,547	184,307	458,153	1,973,748
Disbursements:					
Current:					
Environmental Health:					
General Environmental Health	1,136,214			73,041	1,209,255
Food				62,495	62,495
Pools				6,069	6,069
Water				11,986	11,986
Camps/Manufactured Home Parks				8,953	8,953
Community Health Services:					
WIC		155,646			155,646
Immunizations				40,190	40,190
Child and Family Health Services				30,568	30,568
Other Community Health Services				82,198	82,198
Health Promotion and Planning:					
Public Health Emergency Preparedness				135,950	135,950
Public Health Infrastructure			239,023		239,023
Total Disbursements	1,136,214	155,646	239,023	451,450	1,982,333
Excess of Receipts Over/(Under) Disbursements	43,527	(4,099)	(54,716)	6,703	(8,585)
Other Financing Sources (Uses):					
Transfer In				62,538	62,538
Transfer Out	(62,538)				(62,538)
Advance In	95,797		765	95,232	191,794
Advance Out	(95,997)		(765)	(95,032)	(191,794)
Total Other Financing Sources (Uses)	(62,738)			62,738	
Net Change in Fund Balances	(19,211)	(4,099)	(54,716)	69,441	(8,585)
Fund Balances Beginning of Year	422,084	21,023	83,879	62,069	589,055
Fund Balances End of Year	<u>\$402,873</u>	<u>\$16,924</u>	<u>\$29,163</u>	<u>\$131,510</u>	<u>\$580,470</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$690,753	\$690,753	\$668,519	(\$22,234)
Intergovernmental	225,500	225,500	241,069	15,569
Fines, Licenses and Permits	20,000	20,000	17,465	(2,535)
Fees	210,000	210,000	235,009	25,009
Contract Services	12,500	12,500	10,125	(2,375)
Miscellaneous	1,163	1,163	7,554	6,391
Total Receipts	<u>1,159,916</u>	<u>1,159,916</u>	<u>1,179,741</u>	<u>19,825</u>
Disbursements:				
Current:				
Environmental Health				
General Environmental Health	1,350,461	1,350,461	1,194,996	155,465
Total Disbursements	<u>1,350,461</u>	<u>1,350,461</u>	<u>1,194,996</u>	<u>155,465</u>
Excess of Receipts (Under) Disbursements	<u>(190,545)</u>	<u>(190,545)</u>	<u>(15,255)</u>	<u>175,290</u>
Other Financing Sources (Uses):				
Advance In			95,797	95,797
Advance Out			(95,997)	(95,997)
Transfers Out	(70,000)	(70,000)	(62,538)	7,462
Other Financing Sources	48,400	48,400	41,010	(7,390)
Total Other Financing Sources (Uses)	<u>(21,600)</u>	<u>(21,600)</u>	<u>(21,728)</u>	<u>(128)</u>
Net Change in Fund Balances	(212,145)	(212,145)	(36,983)	175,162
Prior Year Encumbrances Appropriated	9,936	9,936	9,936	
Fund Balances Beginning of Year	<u>412,148</u>	<u>412,148</u>	<u>412,148</u>	
Fund Balances End of Year	<u>\$209,939</u>	<u>\$209,939</u>	<u>\$385,101</u>	<u>\$175,162</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACUTAL - BUDGET BASIS
WOMENS, INFANTS AND CHILDREN (WIC) FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$139,996	\$139,996	\$151,254	\$11,258
Other			293	293
Total Receipts	<u>139,996</u>	<u>139,996</u>	<u>151,547</u>	<u>11,551</u>
Disbursements:				
Current:				
Community Health Services				
WIC	160,943	160,943	155,884	5,059
Total Disbursements	<u>160,943</u>	<u>160,943</u>	<u>155,884</u>	<u>5,059</u>
Excess of Receipts (Under) Disbursements	(20,947)	(20,947)	(4,337)	16,610
Prior Year Encumbrances Appropriated	76	76	76	
Fund Balances Beginning of Year	<u>20,947</u>	<u>20,947</u>	<u>20,947</u>	
Fund Balances End of Year	<u><u>\$76</u></u>	<u><u>\$76</u></u>	<u><u>\$16,686</u></u>	<u><u>\$16,610</u></u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH INFRASTRUCTURE (PHI) / PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$275,458	\$275,458	\$184,126	(\$91,332)
Other			181	181
Total Receipts	<u>275,458</u>	<u>275,458</u>	<u>184,307</u>	<u>(91,151)</u>
Disbursements:				
Current:				
Public Health Infrastructure	350,938	359,337	245,346	113,991
Total Disbursements	<u>350,938</u>	<u>359,337</u>	<u>245,346</u>	<u>113,991</u>
Excess of Receipts (Under) Disbursements	<u>(75,480)</u>	<u>(83,879)</u>	<u>(61,039)</u>	<u>22,840</u>
Other Financing Sources (Uses):				
Advance In			765	(765)
Advance Out			(765)	765
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(75,480)	(83,879)	(61,039)	22,840
Prior Year Encumbrances Appropriated	46,139	46,139	46,139	
Fund Balances Beginning of Year	<u>37,740</u>	<u>37,740</u>	<u>37,740</u>	
Fund Balances End of Year	<u>\$8,399</u>	<u>\$0</u>	<u>\$22,840</u>	<u>\$22,840</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2009**

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,247</u>
Total Assets	<u><u>6,247</u></u>
Net Assets:	
Unrestricted	<u><u>\$6,247</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, 2009**

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

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements of the District are not misleading. 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, 2009
(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.

Public Health Infrastructure (PHI)/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.

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

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

2. Fiduciary Funds

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Cash and Investments

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

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.

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, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2009.

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	\$17,772
Major Special Revenue Funds:	
Women, Infants & Children	238
Public Health Infrastructure (PHI)/ Public Health Preparedness(PHEP) Fund	6,322

The General Fund has an additional reconciling factor in the amount of \$41,010 as the result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$41,010 in order to more appropriately report them as reductions of expenditures against General Environmental Health.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 2009 represents the collection of 2008 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2008, 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.

Tangible property tax revenues received in 2009 (other than public utility property) represent the collection of 2008 taxes. 2008 was the last year for tangible personal property tax collections. The State of Ohio terminated this program.

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, 2009, was \$9.25 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$848,498,080
Public Utility Property	246,080
Tangible Personal Property	<u>20,844,450</u>
Total Assessed Values	<u><u>\$869,588,610</u></u>

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

5. INTER-FUND TRANSFERS

Inter-fund transfers for the year ended December 31, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Governmental Activities:		
General	Homemaker	\$34,360
General	Salary Reserve	15,000
General	Women's Health Services	5,628
General	Title X Family Planning	7,550
		<u>\$62,538</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.

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, 2008, PEP retained \$350,000 for casualty claims and \$100,000 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.

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

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, 2008 and 2007 (the latest information available):

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

6. RISK MANAGEMENT (Continued)

	2008	2007
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	\$20,459,329	\$20,219,246

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$9,000.

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

Contributions to PEP	
2008	\$10,980
2009	\$ 9,163

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital 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 2009, the District, through Auglaize County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping with other participants in the GRP.

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

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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
2009	\$5,539	\$34,242	\$33,534	\$6,247
2008	\$7,213	\$32,073	\$33,747	\$5,539

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.

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, 2009, members in state and local classifications contributed 10 percent of covered payroll. The District's contribution rate for 2009 was 14 percent of covered payroll.

The portion of the District's contribution allocated to health care was 7 percent from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. 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, 2009, 2008, and 2007 were \$84,422, \$77,324, and \$81,462, respectively; 92 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 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.

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.

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 2009 local government employer units contributed at 14 percent of covered payroll. For 2009 the employer contribution allocated to the health care plan was 7 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

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, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

OPEB is advanced-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388.

The District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$61,044, \$57,993, and \$53,658, respectively; 92 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The amount of \$10.7 billion represents the actuarial funding value of OPERS' net assets available for OPEB at December 31, 2008. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

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.

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 increased to \$6,000 per month and will remain fixed through the remaining term of the lease.

10. CONTINGENT LIABILITIES

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

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**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

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-02-09	10.557	\$116,618
	06-1-001-1-WA-03-10		36,866
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>153,484</u>
Family Planning Services	06-1-001-1-FP-01-08	93.217	8,825
	06-1-001-1-FP-02-09		22,385
Total Family Planning Services			<u>31,210</u>
Immunization Grant	006-1-001-2-IM-02-09	93.268	40,190
Centers for Disease Control and Prevention - Investigations and Technical Assistance	06-1-001-2-PI-02-09	93.283	180,762
Public Health Emergency Preparedness	06-1-001-2-PH-01-10	93.069	58,261
		93.069 H1N1	135,949
Total Public Health Emergency Preparedness			<u>194,210</u>
Maternal and Child Health Services Block Grant to States	06-1-001-1-MC-02-09	93.994	12,796
	06-1-001-1-MC-03-10		7,350
Total Maternal and Child Health Services Block Grant to States			<u>20,146</u>
Total Federal Financial Assistance			<u><u>\$620,002</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, 2009**

NOTE A: GENERAL

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 Special Supplemental Nutrition Program for Women, Infants and Children in the amount of \$2,161 were unspent at the end of Grant Year 2008 and were returned to the Ohio Department of Health in August 2009.



Mary Taylor, CPA

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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 1, 2010 wherein we noted the District was a comprehensive basis accounting 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 opinions 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*.

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 1, 2010.

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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 1, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Health:

Compliance

We have audited the compliance of 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 apply to its major federal program for the year ended December 31, 2009. 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Auglaize County General Health District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

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 Government's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on 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.

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 April 1, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 1, 2010

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

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



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**