



Mary Taylor, CPA
Auditor of State

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Auglaize County, (the District), as of and for the year ended December 31, 2007, 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 basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Auglaize County, as of December 31, 2007, and the respective changes in cash financial position thereof and the respective budgetary comparisons for the General, Public Health Infrastructure, and Women, Infants, and Children funds 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 July 18, 2008, 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 also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

July 18, 2008

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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, 2007, 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 2007 are as follows:

- Net assets of governmental activities increased \$36,418 or 7 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Women, Infants and Children (WIC) grant fund.
- Total receipts increased by 4 percent and there was a 7.5 percent increase in total disbursements in 2007 as compared to 2006. The greatest increases in expenditures, across all funds, were for general operating expenses, with insurance costs rising significantly more than other costs
- The District's general receipts are primarily property taxes. These receipts represent 38 percent of the total cash received for District activities during the year. Property tax receipts for 2007 decreased by approximately 4.5 percent in comparison to 2006.

USING THE BASIC FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

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

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

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

Basis of Accounting

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

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
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 2007, within the limitations of the 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) 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.

THE DISTRICT AS A WHOLE

Table I provides a summary of the District's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	2007	2006
Assets		
Cash and Cash Equivalents	\$559,554	\$523,136
Net Assets		
Restricted	\$102,815	\$76,186
Unrestricted	456,739	446,950
Total Net Assets	\$559,554	\$523,136

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

As mentioned previously, net assets of governmental activities increased \$36,418, or 7 percent, during 2007. Receipts increased \$77,347, or approximately 4 percent over 2006, while disbursements increased \$133,384 approximately 7.5 percent. The primary reasons for the changes are as follows:

- There was a significant \$38,450 reduction, 32 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 require 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 fees for permits across all funds saw a dramatic decrease of \$53,504, or about 32 percent under 2006. This difference is almost entirely due to conditions in the household sewage treatment system (HSTS) permit process. Permits issued for HSTS had more than doubled in 2006 over 2005; but in 2007, fewer HSTS permits were issued than in any year since 1977. New state regulations regarding the siting, design and installation of such systems became effective January 1, 2007, and property owners had purchased permits in 2006 in order to avoid the higher costs associated with those new rules. However, the legislature rescinded the applicable statute and regulations in June of 2007, and formed a study committee to further research the issue. New statewide regulations are to be issued no later than 2009, and in the interim, each District will issue permits under local regulations.
- Income from Medicaid decreased by 39.5 percent from 2006. Most of the decrease is accounted for by the closing of the District's Well Child Clinic at the end of March, 2007, with a total of 20 clients served by that program for the year. In 2006, the District had provided Well Child services to 177 clients, more than two-thirds of whom had Medicaid coverage. The Board of Health made a decision to discontinue this service due to a steady decline in caseload since 2004, increasing costs for providing the service, and loss of grant funding to support the program. An additional factor in the decrease in Medicaid income is the implementation of new and more stringent state regulations that render fewer adult clients eligible for Medicaid coverage in 2007 than in previous years. While 137 more clients were served this year in Family Planning clinics, less than 1 percent of those clients were eligible for Medicaid coverage, thus limiting the District's Medicaid income for those services.
- Income from self-pay fees for Family Planning clinics decreased by approximately 4 percent from 2006, despite the 16 percent increase in client caseload. For uninsured clients, charges for those services are adjusted based on an income-based sliding fee scale, and a growing proportion of Family Planning clients have incomes that allow them to pay 0 percent to 20 percent of the basic charge. Income from Homemaker clients also decreased by more than 35 percent, though the number of clients served remained virtually the same, and the number of Home Health Aide visits increased by 172 over 2006. The decline in income is attributed to the fact that fewer of the clients served have sufficient income to make the \$10 per visit payments, and the service is not covered by Medicaid, Medicare or private health insurance.
- Income from immunizations, in the General fund, decreased approximately 6 percent from 2006. While 150 more immunization clients were served and 756 more doses of vaccine were administered, most of the additional clients were children receiving childhood immunizations, for which clients are charged only an administrative fee which is waived if the family does not have the ability to pay. 50 fewer flu vaccines were administered in 2007 than in 2006, with a corresponding reduction in income for that aspect of the immunization program. Flu vaccine is available through private venues much earlier in the year than the District can receive shipment of influenza vaccine purchased from the Ohio Department of Health, and by the time the District's "flu shot" community clinics were held, much of the demand for those vaccines had all ready been satisfied in the private sector.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

- 2007 income in both the District's largest grants, the PHI and WIC grants, were significantly (19.5 percent and 76.5 percent respectively) higher than in 2006. In both cases, however, the increase in income was not due to an increase in grant awards, but rather to delays in receiving the quarterly payments that had been due in late 2006. The PHI quarterly payment due December 1, 2006, did not arrive until March, 2007. The monthly WIC payment due October 1, 2006 arrived in late January, 2007, and the next WIC payment did not arrive until May. WIC total disbursements increased by only 6 percent over 2006, and PHI total disbursements decreased by 1 percent. Because of the mid-year implementation of a new State of Ohio payment system, the District experienced additional delays in receipt of grant payments and Notices of Awards. This resulted in cash flow problems throughout 2007 for all grant programs, and a greater number and dollar amount of cash advance transactions were necessary than in 2006.
- There were small but significant (7 to 8 percent) increases in expenditures for salaries and employer contributions to Medicare tax and Ohio Public Employees Retirement System, due to annual employee pay increases of 3 percent that went into effect in January, 2007 and the addition of one full time employee. However, expenditures for employee health insurance rose dramatically, up 42 percent. While income from employees' premium co-pays rose by \$7,350 or 48 percent, as the Board of Health continued to implement its plan for increasing employees' share of health insurance costs, that increase only partially offset the sharp rise in health insurance premiums and the addition of several employees and dependents (new hires and enrollees through the open enrollment period) to the District's employee health plan.
- Expenditures for basic services as the cost of doing business rose moderately. The premium for liability insurance, provided by Public Entities Pool of Ohio, rose 11 percent due to increasing numbers of clients served in Family Planning and Women's Health programs, and concern regarding legal liabilities due to the changes in HSTS regulations. Lease payments for the District's office building rose 8 percent for the year as the provision for an automatic increase to \$6,000 per month became effective in August of 2007; the lease payments will remain fixed at that amount throughout the remaining term of the lease. Utility costs increased by 24 percent over 2006 due to rate increases by the District's providers.
- Disbursements for aggregate contract services decreased by \$19,827 or 7.1 percent. This reflects significant decreases in the amount of PHI contract services paid as well as significant increases in the amount of contract services paid through the Women's Health and Family Planning grant programs. PHI grant contract allocations paid for the two partner health districts decreased by 19 percent from 2006; the grant award for the fiscal year beginning in August, 2007 is approximately 8 percent less than the previous fiscal year's award. The Women's Health and Family Planning programs continued to expand the Licensed Social Worker services provided for their clients through a contractual arrangement, and the total contract amounts paid through those grants rose by 62 percent and 35 percent respectively.

Table 2 reflects the changes in net assets in 2007. A comparative analysis of District-wide data from 2006 to 2007 is presented.

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

Receipts:	Governmental Activities	
	2007	2006
Program Receipts:		
Charges for Services	\$387,080	\$440,959
Operating Grants	613,165	480,228
Total Program Receipts	1,000,245	921,187

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

	Governmental Activities	
	2007	2006
Receipts:		
General Receipts:		
Property and Other Local Taxes	736,195	770,874
Grants and Entitlements not Restricted to Other Programs	178,849	165,520
Miscellaneous	44,444	24,805
Total General Receipts	<u>959,488</u>	<u>961,199</u>
Total Receipts	<u>1,959,733</u>	<u>1,882,386</u>
Disbursements:		
General Environmental Health	1,204,009	1,012,072
Food	79,146	74,775
Pools	3,851	5,821
Water	16,513	13,935
Camps/Manufactured Homes	5,971	7,851
Home Care Services		70,060
WIC	125,093	117,641
Immunizations	44,781	46,330
Child and Family Health Services	36,412	32,048
Other Community Health Services	93,331	91,799
Public Health Infrastructure	314,208	317,599
Total Disbursements	<u>1,923,315</u>	<u>1,789,931</u>
Increase (decrease) in Net Assets	36,418	92,455
Net Assets January 1	523,136	430,681
Net Assets December 31	<u>\$559,554</u>	<u>\$523,136</u>

Program receipts represent 51 percent of total receipts and are primarily comprised of state and federal grants, which make up 61 percent of total program receipts, and licenses, permits and fees for various services.

General receipts represent 49 percent of the District's total receipts, and of this amount, over 77 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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 2006	Net Cost Of Services 2006
	Total Cost Of Services 2007	Net Cost Of Services 2007		
General Environmental Health	\$1,204,009	\$939,862	\$1,012,072	\$739,587
Food	79,146	3,114	74,775	(135)
Pools	3,851	(324)	5,821	1,546
Water	16,513	6,704	13,935	(1,491)
Camps/Manufactured Homes	5,971	596	7,851	2,645
Home Care Services			70,060	26,998
WIC	125,093	(38,642)	117,641	24,798
Immunizations	44,781	(4,007)	46,330	1,874
Child and Family Health Services	36,412	1,909	32,048	(1,337)
Other Community Health Services	93,331	(2,248)	91,799	2,493
Public Health Infrastructure	314,208	16,106	317,599	71,766
Total	<u>\$1,923,315</u>	<u>\$923,070</u>	<u>\$1,789,931</u>	<u>\$868,744</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.

Total governmental funds had receipts of \$1,959,733 and disbursements of \$1,923,316. The greatest change within governmental funds occurred within the WIC fund, the balance of which increased as the result of a marked increase in grant income from the Ohio Department of Health.

Receipts were less than disbursements in seven of the District's thirteen funds, but a significant cash transfer from the General Fund was necessary only in the Homemaker Services and Salary Reserve fund accounts. The cash transfer of \$30,000 or 39 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 in the Salary Reserve account was planned as it is the method for funding the account, in anticipation of a number of staff retirements in the next five years.

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 \$1,420,000 while total actual disbursements were \$1,183,766.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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, 2007, 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 10 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 in the early stages of recovering from a downturn in the past few years. The recent passage of a replacement levy for operating expenses allows for moderate increases in the total dollar amount in local tax receipts in the next five years. With these resources, along with conservative spending, the District can continue its slow rate of financial growth, and can be assured that basic service provision can continue even with shrinkage of grant funding. We plan to continue the same programs, with only minor changes, for the next three years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$559,554</u>
Total Assets	<u><u>559,554</u></u>
Net Assets	
Restricted for:	
Other Purposes	102,815
Unrestricted	<u>456,739</u>
Total Net Assets	<u><u>\$559,554</u></u>

See accompanying notes to the basic financial statements

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Environmental Health:				
General Environmental Health	1,204,009	264,147		(\$939,862)
Food	79,146	76,032		(3,114)
Pools	3,851	4,175		324
Water	16,513	9,809		(6,704)
Camps/Manufactured Homes	5,971	5,375		(596)
Community Health Services:				
WIC	125,093		\$163,735	38,642
Immunizations	44,781		48,788	4,007
Child and Family Health Services	36,412		34,503	(1,909)
Other Community Health Services	93,331	27,542	68,037	2,248
Health Promotion and Planning:				
Public Health Infrastructure	314,208		298,102	(16,106)
Total Governmental Activities	\$1,923,315	\$387,080	\$613,165	(923,070)
General Receipts				
Property Taxes Levied for				
General Health District Purposes				736,195
Grants and Entitlements not				
Restricted to Specific Programs				178,849
Miscellaneous				44,444
				959,488
Total General Receipts				959,488
Change in Net Assets				36,418
Net Assets Beginning of Year				523,136
Net Assets End of Year				\$559,554

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, 2007**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$456,739	\$38,858	\$9,445	\$54,512	\$559,554
Total Assets	<u>456,739</u>	<u>38,858</u>	<u>9,445</u>	<u>54,512</u>	<u>559,554</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	10,384	21	217	2,199	12,821
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	446,355				446,355
Special Revenue Funds		38,837	9,228	52,313	100,378
Total Fund Balances	<u>\$456,739</u>	<u>\$38,858</u>	<u>\$9,445</u>	<u>\$54,512</u>	<u>\$559,554</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Infrastructure</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts					
Intergovernmental Revenue	\$178,849	\$163,735	\$298,102	\$151,328	\$792,014
Property Taxes	732,642				732,642
Subdivisions	3,553				3,553
Licenses and Permits	20,020			95,391	115,411
Fees	196,568			19,457	216,025
Contract Services	8,085			47,559	55,644
Other Receipts	11,932	216	195	579	12,922
Total Receipts	<u>1,151,649</u>	<u>163,951</u>	<u>298,297</u>	<u>314,314</u>	<u>1,928,211</u>
Disbursements					
Current:					
Environmental Health:					
General Environmental Health	1,126,644			77,365	1,204,009
Food				79,146	79,146
Pools				3,851	3,851
Water				16,513	16,513
Camps/Manufactured Home Parks				5,971	5,971
Community Health Services:					
WIC		125,093			125,093
Immunizations				44,781	44,781
Child and Family Health Services				36,412	36,412
Other Community Health Services				93,331	93,331
Health Promotion and Planning:					
Public Health Infrastructure			314,208		314,208
Total Disbursements	<u>1,126,644</u>	<u>125,093</u>	<u>314,208</u>	<u>357,370</u>	<u>1,923,315</u>
Excess of Receipts Over/ (Under) Disbursements	25,005	38,858	(15,911)	(43,056)	4,896
Other Financing Sources (Uses)					
Transfer In				35,000	35,000
Transfer Out	(35,000)				(35,000)
Advance In				11,738	11,738
Advance Out	(11,738)				(11,738)
Reimbursements	31,522				31,522
Total Other Financing Sources (Uses)	<u>(15,216)</u>			<u>46,738</u>	<u>31,522</u>
Net Change in Fund Balances	9,789	38,858	(15,911)	3,682	36,418
Fund Balances Beginning of Year	<u>446,950</u>		<u>25,356</u>	<u>50,830</u>	<u>523,136</u>
Fund Balances End of Year	<u>\$456,739</u>	<u>\$38,858</u>	<u>\$9,445</u>	<u>\$54,512</u>	<u>\$559,554</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<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	\$724,953	\$724,953	\$736,195	\$11,242
Intergovernmental	210,000	210,000	178,849	(31,151)
Fines, Licenses and Permits	280,000	280,000	216,588	(63,412)
Contract Services	5,000	5,000	8,085	3,085
Miscellaneous	1,000	1,000	11,932	10,932
Total Receipts	<u>1,220,953</u>	<u>1,220,953</u>	<u>1,151,649</u>	<u>(69,304)</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	1,350,000	1,350,000	1,137,028	212,972
Total Disbursements	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,137,028</u>	<u>212,972</u>
Excess of Receipts Over (Under) Disbursements	<u>(129,047)</u>	<u>(129,047)</u>	<u>14,621</u>	<u>143,668</u>
Other Financing Sources (Uses)				
Advance Out			(11,738)	(11,738)
Transfers Out	(70,000)	(70,000)	(35,000)	35,000
Other Financing Sources	14,200	14,200	31,522	17,322
Total Other Financing Sources (Uses)	<u>(55,800)</u>	<u>(55,800)</u>	<u>(15,216)</u>	<u>40,584</u>
Net Change in Fund Balances	(184,847)	(184,847)	(595)	184,252
Prior Year Encumbrances Appropriated	10,507	10,507	10,507	
Fund Balances Beginning of Year	<u>436,443</u>	<u>436,443</u>	<u>436,443</u>	
Fund Balances End of Year	<u>\$262,103</u>	<u>\$262,103</u>	<u>\$446,355</u>	<u>\$184,252</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACUTAL - BUDGET BASIS
WOMEN, INFANTS AND CHILDREN (WIC) FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$125,996	\$125,996	\$163,735	\$37,739
Other			216	216
Total Receipts	<u>125,996</u>	<u>125,996</u>	<u>163,951</u>	<u>37,955</u>
Disbursements				
Current:				
Community Health Services				
WIC	125,996	125,996	125,114	882
Total Disbursements	<u>125,996</u>	<u>125,996</u>	<u>125,114</u>	<u>882</u>
Excess of Receipts Over (Under) Disbursements			38,837	38,837
Other Financing Sources				
Transfers In			31,336	(31,336)
Transfers Out			(31,336)	31,336
Total Other Financing Sources				
Net Change in Fund Balances			38,837	38,837
Fund Balances Beginning of Year				
Fund Balances End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$38,837</u>	<u>\$38,837</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH INFRASTRUCTURE (PHI) FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Intergovernmental	\$316,750	\$316,750	\$298,102	(\$18,648)
Other			195	195
Total Receipts	<u>316,750</u>	<u>316,750</u>	<u>298,297</u>	<u>(18,453)</u>
Disbursements				
Current:				
Public Health Infrastructure	342,106	342,106	314,425	27,681
Total Disbursements	<u>342,106</u>	<u>342,106</u>	<u>314,425</u>	<u>27,681</u>
Excess of Receipts Over (Under) Disbursements	<u>(25,356)</u>	<u>(25,356)</u>	<u>(16,128)</u>	<u>9,228</u>
Other Financing Sources (Uses)				
Advance In			1,088	(1,088)
Advance Out			<u>(1,088)</u>	<u>1,088</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(25,356)	(25,356)	(16,128)	9,228
Prior Year Encumbrances Appropriated	232	232	232	
Fund Balances Beginning of Year	<u>25,124</u>	<u>25,124</u>	<u>25,124</u>	
Fund Balances End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$9,228</u></u>	<u><u>\$9,228</u></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, 2007**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,213</u>
Total Assets	<u><u>\$7,213</u></u>
Net Assets	
Unrestricted	<u><u>\$7,213</u></u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. DESCRIPTION OF THE GENERAL HEALTH DISTRICT AND REPORTING ENTITY

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

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

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(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) Fund - This fund receives Federal grant money used to provide services to control communicable diseases, chronic diseases and disorders, and other preventable health conditions.

Women, Infants and Children (WIC) Fund – This is a Federal grant fund 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 agency fiduciary fund:

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(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 amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

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 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(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.

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. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Fund Balance Reserves

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Inter-fund Transactions

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

O. Net Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Net assets restricted for other purposes primarily include the amounts restricted to support the various programs of the District. There were no net assets restricted by enabling legislation at December 31, 2007.

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	\$10,384
Major Special Revenue Funds:	
Women, Infants & Children	21
Public Health Infrastructure Fund	217

4. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Health District. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. PROPERTY TAXES (Continued)

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all the District operations for the year ended December 31, 2007, was 1 mill per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$763,895,820
Public Utility Property	218,320
Tangible Personal Property	102,466,754
Total Assessed Values	\$866,580,894

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

5. INTER-FUND TRANSFERS

Inter-fund transfers for the year ended December 31, 2007, were as follows:

Transfer From	Transfer To	Amount
Governmental Activities:		
General	Homemaker	\$30,000
General	Salary Reserve	5,000
		\$35,000

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. INTERFUND RECEIVABLES/PAYABLES

Interfund balances at December 31, 2007, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Other Governmental	\$11,738

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. RISK MANAGEMENT

A. Risk Pool Membership

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

1. Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP. If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

2. Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548. The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

3. 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, 2007 and 2006:

	2007	2006
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	\$20,219,246	\$19,384,290

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively.

These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$10,624. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

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.

<u>Contributions to PEP</u>	
2005	\$7,934
2006	8,666
2007	9,238

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give 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 budgetary contribution. Withdrawing members have no other future obligation to the pool. 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 2007, 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.

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

The plan account activity was:

	<u>Beginning Of the Year</u>	<u>Deposits</u>	<u>Claims Paid</u>	<u>Balance at Year End</u>
2007	\$6,518	\$31,338	\$30,643	\$7,213
2006	\$6,208	\$28,821	\$28,511	\$6,518

8. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 of covered payroll.

The District’s contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1, through June 30, 2007, a portion of the District’s contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 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, 2007, 2006, and 2005 were \$81,462, \$83,364 and \$73,710, and respectively; 98 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

9. POST-EMPLOYMENT BENEFITS

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to 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, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll for 2007. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$53,658, \$40,766, and \$34,687 respectively; 100 percent has been contributed for all years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective 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 healthcare plan.

10. 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.

11. 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

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)			
Women, Infants and Children	06-1-001-1-CL-07	10.557	\$103,685
	06-1-001-1-WA-01-08		<u>21,408</u>
Total Women, Infants and Children			125,093
Family Planning Services	06-1-001-1-XX-06	93.217	13,083
	06-1-001-1-XX-07		<u>35,536</u>
			48,619
Immunization Action Plan	06-1-001-2-AZ-06	93.268	3,169
	06-1-001-2-AZ-07		<u>41,612</u>
			44,781
Public Health Infrastructure	06-1-001-2-BI-07	93.283	225,725
	06-1-001-1-PI-01-08		<u>80,637</u>
Total Public Health Infrastructure			306,362
Preventive Health and Health Services		93.991	17,813
Maternal Child Health Services	06-1-001-1-MC-07	93.994	11,320
	06-1-001-1-MC-01-08		<u>16,345</u>
Total Maternal Child Health Services			<u>27,665</u>
Total Federal Financial Assistance			<u><u>\$570,333</u></u>

The accompanying notes are an integral part of this schedule.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

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 Immunization Action Plan, Preventive Health and Health Service, and Maternal Child Health Services were commingled with state subsidy and local revenues. It was assumed that federal dollars were expended first.

NOTE D - UNSPENT FUNDS

Federal funds received from Public Health Infrastructure in the amount of \$7,847 were unspent at the end of Grant Year 2007 and were returned to the Ohio Department of Health in December 2007. This amount is not included in the disbursements on the federal schedule.



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*

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the General Health District, Auglaize County (the District), as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 18, 2008, wherein, we noted the District uses a comprehensive basis of 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the District's management in a separate letter dated July 18, 2008.

Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated July 18, 2008.

We intend this report solely for the information and use of management, members of the Board, and 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

July 18, 2008



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

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

To the Members of the Board:

Compliance

We have audited the compliance of the General Health District, Auglaize County, (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. 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 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, 2007.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Mary Taylor, CPA
Auditor of State

July 18, 2008

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

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 Infrastructure CFDA #93.283
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	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

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 12, 2008**