



Dave Yost • Auditor of State

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auglaize County General Health District, Auglaize County, Ohio (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General and Women, Infant and Children Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 30, 2016

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED**

This discussion and analysis of the Auglaize County General Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2015, within the limitations of the District's cash basis of accounting. Readers should review the basic financial statements and notes to enhance their understanding of the District's financial performance.

HIGHLIGHTS

Key highlights for 2015 are as follows:

- Net position of governmental activities increased \$67,514 or 14 percent, a significant change from the prior year.
- Compared to 2014, total receipts increased by 20 percent (\$345,685), and total disbursements increased by 8 percent (\$145,514).
- 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 2015 changed little in comparison with 2014, increasing by approximately \$9,317, or 1.0 percent.

USING THE BASIC FINANCIAL STATEMENTS

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

Report Components

The statement of net position 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

REPORTING THE DISTRICT AS A WHOLE

The statement of net position and the statement of activities reflect how the District did financially during 2015, within the limitations of cash basis of accounting. The statement of net position presents the cash balances of the activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's services, and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identified how each governmental function draws from the District's general receipts.

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

In the statement of net position 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 and Women, Infant, and Children. 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 position for 2015 compared to 2014 on a cash basis:

**(Table 1)
Net Position**

| | 2015 | 2014 |
|---------------------------|-----------|-----------|
| Assets | | |
| Cash and Cash Equivalents | \$541,105 | \$473,591 |
| Total Assets | \$541,105 | \$473,591 |
| Net Position | | |
| Restricted | \$43,927 | \$19,143 |
| Unrestricted | 497,178 | 454,448 |
| Total Net Position | \$541,105 | \$473,591 |

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

As mentioned previously, net position of governmental activities increased \$67,514, or 14 percent, during 2015. Total receipts increased \$345,685, or approximately 20 percent, while disbursements increased \$145,514, or approximately 8 percent. The primary reasons for the changes are as follows:

- In 2015, total income from grants was \$44,914 (10.0 percent) more than in 2014, and 2015 total disbursements for grant programs totaled \$36,023 (7 percent) less than in 2014. Income in three grants increased, while income in one other grant decreased, among the grants, the greatest percentage of increase in income and expenditures was seen in the Women, Infant, and Children (WIC) grant fund.
 - The 2015 PHEP grant total income was \$21,648 (13 percent) lower than in 2014. Expenditures in 2015 were \$36,360 (21 percent) lower than in 2014, which can be accounted for by the decrease in funding.
 - Income in the Immunization Action Plan grant increased by \$5,822 (19 percent) from 2014's total. The 2015 total expenditures was \$5,665 (18 percent) more than in 2014. This was partly due to an increase in the grant award.
 - 2015 Income for the Help Me Grow Early Intervention grant was \$13,296, or 14.0 percent higher than in 2014. Total expenditures for calendar year 2015 were \$8,243 (7 percent) less than in calendar year 2014. This was due in part to the lower FY2016 award and in part to the timing of grant payments, which affected cash flow.
 - WIC income was \$47,444 (30 percent) higher than in 2014. Disbursements totaled \$2,915 (2.0 percent) more than 2014 disbursements. The increase in expenditure of funds is due mainly to the increase in the grant award amount.
- In 2015 General and Environmental Health expenditures increased by \$183,492 (15.0 percent) while related program revenue increased by \$318,413 (133 percent).
 - The main contributing factor to the increase in expenditures and revenue is due to the Immunization Department's ability to bill private insurance providers for reimbursement of administering vaccinations. With billing private insurance also came the expense of purchasing private vaccine that had in the past been provided free of charge through State and Federal initiatives.

Table 2 reflects the changes in net position in 2015. A comparative analysis of District-wide data from 2014 to 2015 is presented.

(Table 2)
Changes in Net Position

| | Governmental Activities 2015 | Governmental Activities 2014 |
|-------------------------------|---|---|
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services | \$679,753 | \$365,851 |
| Operating Grants | 494,728 | 448,433 |
| Total Program Receipts | 1,174,481 | 814,284 |

(Continued)

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

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

| | Governmental Activities 2015 | Governmental Activities 2014 |
|--|---|---|
| General Receipts: | | |
| Property Taxes | 707,613 | 698,296 |
| Subdivisions | 3,553 | 3,553 |
| Grants and Entitlements not Restricted to Specific Programs | 163,751 | 183,286 |
| Miscellaneous | 17,130 | 21,424 |
| Total General Receipts | <u>892,047</u> | <u>906,559</u> |
| Total Receipts | <u>2,066,528</u> | <u>1,720,843</u> |
| Disbursements: | | |
| General Environmental Health | 1,421,533 | 1,238,041 |
| Food | 78,601 | 81,548 |
| Pools | 8,779 | 7,454 |
| Water | 15,818 | 16,232 |
| Camps/Manufactured Homes | 7,296 | 7,215 |
| WIC | 190,722 | 187,807 |
| Immunizations | 36,642 | 30,977 |
| Early Intervention Services Coordination | 103,069 | 111,312 |
| Public Health Emergency Preparedness | 136,554 | 172,914 |
| Total Disbursements | <u>1,999,014</u> | <u>1,853,500</u> |
| | | |
| Increase (Decrease) in Net Position | 67,514 | (132,657) |
| | | |
| Net Position January 1 | <u>473,591</u> | <u>606,248</u> |
| Net Position December 31 | <u>\$541,105</u> | <u>\$473,591</u> |

Program receipts represent 57 percent of total receipts and are primarily comprised of charges for services, which make up 58 percent of total program receipts.

General receipts represent 43 percent of the District's total receipts, and of this amount, 80 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Governmental Activities

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

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

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

(Table 3)
Governmental Activities

| | Total Cost Of Services 2015 | Net Cost Of Services 2015 | Total Cost Of Services 2014 | Net Cost Of Services 2014 |
|--|--|--|--|--|
| General Environmental Health | \$1,421,533 | \$864,219 | \$1,238,041 | \$999,140 |
| Food | 78,601 | (1,278) | 81,548 | 2,033 |
| Pools | 8,779 | 375 | 7,454 | (526) |
| Water | 15,818 | (41) | 16,232 | 487 |
| Camps/Manufactured Homes | 7,296 | 55 | 7,215 | 489 |
| WIC | 190,722 | (15,516) | 187,807 | 29,013 |
| Immunizations | 36,642 | 590 | 30,977 | 747 |
| Other Community Health Services | | (15,053) | | (19,600) |
| Early Intervention Services Coordination | 103,069 | (2,558) | 111,312 | 18,981 |
| Public Health Emergency Preparedness | 136,554 | (6,260) | 172,914 | 8,452 |
| Total | \$1,999,014 | \$824,533 | \$1,853,500 | \$1,039,216 |

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, unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

Total Governmental funds had receipts of \$2,066,528 and disbursements of \$1,999,014. The greatest dollar amount and percent of change within governmental funds occurred within the General and Environmental Health. Disbursements in 2015 totaled \$183,492 (15 percent) more than 2014 disbursements.

Receipts were less than disbursements in four of the District's eleven funds, and significant cash transfers from the General Fund to the Salary Reserve fund on the budgetary basis were necessary. The \$15,000 in cash transfers into the Salary Reserve account was planned, as transfer is the method for funding the account, in anticipation of upcoming staff retirements. The Salary Reserve account was utilized in 2015 for one payout of accumulated sick leave and vacation leave totaling \$19,859, at the retirement of an employee who had more than 30 years of service at the time of retirement.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
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 \$1,641,017 while total actual disbursements were \$1,440,312.

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, 2015, 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. The District does not report outstanding debt on its financial statements.

CURRENT ISSUES

The challenge for all Districts is to provide high quality preventive health services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes to provide stability, so that basic operating costs can continue to be paid even when grant programs are curtailed or eliminated. The 2015 passage of a renewal levy for operating expenses allows for moderate fluctuations in the total dollar amount in local tax receipts over the life of the levy. Due to changes in some program areas, shifting focus of the District to its core functions may have to occur in the coming years. All efforts will be made to continue our current programs, but some changes may have to occur in the next two years to make the best use of our tax payer and governmental funding.

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 District's finances and to reflect the 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 Oliver Fisher, Health Commissioner, Auglaize County Health District, 214 South Wagner St., Wapakoneta, Ohio 45895.

GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$541,105 |
| Total Assets | <u>541,105</u> |
| | |
| Net Position: | |
| Restricted for: | |
| Other Purposes | 43,927 |
| Unrestricted | 497,178 |
| Total Net Position | <u>\$541,105</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, 2015**

| | <u>Program Receipts</u> | | | <u>Net (Disbursements) Receipts and Changes in Net Position</u> |
|---|-------------------------|---|---|---|
| | <u>Disbursements</u> | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Primary Government Governmental Activities</u> |
| Governmental Activities: | | | | |
| Environmental Health: | | | | |
| General Environmental Health | \$1,421,533 | \$554,942 | \$2,372 | (\$864,219) |
| Food | 78,601 | 79,879 | | 1,278 |
| Pools | 8,779 | 8,404 | | (375) |
| Water | 15,818 | 15,859 | | 41 |
| Camps/Manufactured Homes | 7,296 | 5,616 | 1,625 | (55) |
| Community Health Services: | | | | |
| WIC | 190,722 | | 206,238 | 15,516 |
| Immunizations | 36,642 | | 36,052 | (590) |
| Other Community Health Services | | 15,053 | | 15,053 |
| Early Intervention Services Coordination | 103,069 | | 105,627 | 2,558 |
| Health Promotion and Planning: | | | | |
| Public Health Emergency Preparedness | 136,554 | | 142,814 | 6,260 |
| Total Governmental Activities | <u>\$1,999,014</u> | <u>\$679,753</u> | <u>\$494,728</u> | <u>(824,533)</u> |
| General Receipts: | | | | |
| Property Taxes Levied for: | | | | |
| General Health District Purposes | | | | 707,613 |
| Subdivisions | | | | 3,553 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 163,751 |
| Miscellaneous | | | | 17,130 |
| Total General Receipts | | | | <u>892,047</u> |
| Change in Net Position | | | | 67,514 |
| Net Position Beginning of Year | | | | <u>473,591</u> |
| Net Position End of Year | | | | <u>\$541,105</u> |

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, 2015**

| | <u>General</u> | <u>Women, Infant and Children</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---|---|---|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$497,178 | \$16,123 | \$27,804 | \$541,105 |
| Total Assets | <u>\$497,178</u> | <u>\$16,123</u> | <u>\$27,804</u> | <u>\$541,105</u> |
| Fund Balances: | | | | |
| Restricted | | 16,123 | 27,804 | 43,927 |
| Committed | 35 | | | 35 |
| Assigned | 238,250 | | | 238,250 |
| Unassigned | 258,893 | | | 258,893 |
| Total Fund Balances | <u>\$497,178</u> | <u>\$16,123</u> | <u>\$27,804</u> | <u>\$541,105</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, 2015**

| | General | Women, Infant and Children | Other Governmental Funds | Total Governmental Funds |
|--|------------------|---|---|---|
| Receipts: | | | | |
| Intergovernmental Revenue | \$163,751 | \$206,238 | \$288,490 | \$658,479 |
| Property Taxes | 707,613 | | | 707,613 |
| Subdivisions | 3,553 | | | 3,553 |
| Licenses and Permits | 22,877 | | 109,608 | 132,485 |
| Fees | 517,337 | | 4,350 | 521,687 |
| Contract Services | 1,350 | | 24,231 | 25,581 |
| Other Receipts | 16,900 | | 230 | 17,130 |
| Total Receipts | 1,433,381 | 206,238 | 426,909 | 2,066,528 |
| Disbursements: | | | | |
| Current: | | | | |
| Environmental Health: | | | | |
| General Environmental Health | 1,390,650 | | 30,883 | 1,421,533 |
| Food | | | 78,601 | 78,601 |
| Pools | | | 8,779 | 8,779 |
| Water | | | 15,818 | 15,818 |
| Camps/Manufactured Home Parks | | | 7,296 | 7,296 |
| Community Health Services: | | | | |
| WIC | | 190,722 | | 190,722 |
| Immunizations | | | 36,642 | 36,642 |
| Early Intervention Service Coordination | | | 103,069 | 103,069 |
| Health Promotion and Planning: | | | | |
| Public Health Emergency Preparedness | | | 136,554 | 136,554 |
| Total Disbursements | 1,390,650 | 190,722 | 417,642 | 1,999,014 |
| Excess of Receipts Over Disbursements | 42,731 | 15,516 | 9,267 | 67,514 |
| Other Financing Sources (Uses): | | | | |
| Advance In | 40,087 | 33,534 | 6,553 | 80,174 |
| Advance Out | (40,087) | (33,534) | (6,553) | (80,174) |
| Total Other Financing Sources (Uses) | | | | |
| Net Change in Fund Balances | 42,731 | 15,516 | 9,267 | 67,514 |
| Fund Balances Beginning of Year | 454,447 | 607 | 18,537 | 473,591 |
| Fund Balances End of Year | \$497,178 | \$16,123 | \$27,804 | \$541,105 |

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, 2015**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>(Negative)</u> |
| Receipts: | | | | |
| Property and Other Local Taxes | \$688,588 | \$688,588 | \$711,166 | \$22,578 |
| Intergovernmental | 148,973 | 148,973 | 163,751 | 14,778 |
| Fines, Licenses and Permits | 14,988 | 14,988 | 22,877 | 7,889 |
| Fees | 198,869 | 278,869 | 517,337 | 238,468 |
| Contract Services | 1,210 | 1,210 | 1,350 | 140 |
| Miscellaneous | 26,865 | 26,865 | 16,300 | (10,565) |
| Total Receipts | <u>1,079,493</u> | <u>1,159,493</u> | <u>1,432,781</u> | <u>273,288</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Environmental Health: | | | | |
| General Environmental Health | 1,561,017 | 1,641,017 | 1,440,312 | 200,705 |
| Total Disbursements | <u>1,561,017</u> | <u>1,641,017</u> | <u>1,440,312</u> | <u>200,705</u> |
| Excess of Receipts (Under) Disbursements | <u>(481,524)</u> | <u>(481,524)</u> | <u>(7,531)</u> | <u>473,993</u> |
| Other Financing Sources (Uses): | | | | |
| Advance In | | | 40,087 | 40,087 |
| Advance Out | | | (40,087) | (40,087) |
| Other Financing Sources | 27,077 | 27,077 | 30,308 | 3,231 |
| Total Other Financing Sources (Uses) | <u>27,077</u> | <u>27,077</u> | <u>30,308</u> | <u>3,231</u> |
| Net Change in Fund Balances | (454,447) | (454,447) | 22,777 | 477,224 |
| Prior Year Encumbrances Appropriated | 17,159 | 17,159 | 17,159 | |
| Fund Balances Beginning of Year | <u>437,288</u> | <u>437,288</u> | <u>437,288</u> | |
| Fund Balances End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$477,224</u> | <u>\$477,224</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
WOMEN, INFANT AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| Receipts: | | | | |
| Intergovernmental | \$192,845 | \$192,845 | \$206,238 | \$13,393 |
| Total Receipts | <u>192,845</u> | <u>192,845</u> | <u>206,238</u> | <u>13,393</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Community Health Service: | | | | |
| WIC | 193,452 | 193,452 | 191,053 | 2,399 |
| Total Disbursements | <u>193,452</u> | <u>193,452</u> | <u>191,053</u> | <u>2,399</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(607)</u> | <u>(607)</u> | <u>15,185</u> | <u>15,792</u> |
| Other Financing Sources (Uses): | | | | |
| Advance In | | | 33,534 | 33,534 |
| Advance Out | | | (33,534) | (33,534) |
| Total Other Financing Sources (Uses) | | | | |
| Net Change in Fund Balances | (607) | (607) | 15,185 | 15,792 |
| Prior Year Encumbrances Appropriated | 373 | 373 | 373 | |
| Fund Balances Beginning of Year | <u>234</u> | <u>234</u> | <u>234</u> | |
| Fund Balances End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$15,792</u> | <u>\$15,792</u> |

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2015**

| | <u>Agency</u> |
|--|-----------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$5,499</u></u> |
| Liabilities: | |
| Undistributed Monies | <u><u>\$5,499</u></u> |

See accompanying notes to the basic financial statements.

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**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. DESCRIPTION OF THE GENERAL HEALTH DISTRICT AND REPORTING ENTITY

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

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

A. Reporting Entity

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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 position 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 position 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 position presents the cash balance of the governmental activities of the District at year-end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible.

Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions restricted to meeting the operational or capital requirements of a particular program. 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

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

Women, Infant and Children Fund – This fund accounts for federal grant money received to locally administer 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 position and changes in net position. Fiduciary funds account for cash and investments where the District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include agency funds. The following is the District's fiduciary fund:

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

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Budgetary Process

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

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

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

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

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

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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Inter-fund Receivables/Payables

The 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 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.

M. Fund Balance

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

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balance in the General Fund represents money held for severance payments.

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

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

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

N. Inter-fund Transactions

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

O. Net Position

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 position restricted for other purposes primarily include the amounts restricted to support the various programs of the District. There was no net position restricted by enabling legislation at December 31, 2015.

The 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General and Women, Infant, and Children Funds 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 an assignment of fund balance (cash basis). The encumbrances outstanding at year end (budget basis) amounted to:

| | |
|-----------------------------|----------|
| General Fund | \$19,954 |
| Women, Infant, and Children | 331 |

The General Fund disbursements had an additional reconciling factor of \$29,707 as a result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$29,707 in order to more appropriately report them as reductions of expenditures against General Environmental Health.

4. PROPERTY TAXES

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

Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 2014 (Calendar year 2015). The last revaluation update was completed in tax year 2011 (calendar year 2012). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

Property tax revenues received in 2015 represents the collection of 2014 taxes for real and public utility property taxes. Real and public utility personal property taxes received in 2015 became a lien on December 31, 2014, were levied after October 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility personal property is currently assessed at varying percentages of true value.

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

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

Certain public utility 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.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

4. PROPERTY TAXES (Continued)

The full tax rate for all the District operations for the year ended December 31, 2015, was \$9.25 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2015 property tax receipts were based are as follows:

| | |
|----------------------------------|-------------------------------|
| Real Property | \$1,035,854,600 |
| Public Utility Property | 313,230 |
| Public Utility Personal Property | <u>24,522,530</u> |
| Total Assessed Values | <u><u>\$1,060,690,360</u></u> |

5. INTER-FUND TRANSFERS

There were no inter-fund transfers for the year ended December 31, 2015.

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 County Commissioner Association of Ohio Bureau of Worker's Compensation. (See Note 6.B)

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. 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 York. 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, 2015, 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.

2. Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. RISK MANAGEMENT (Continued)

| Casualty Coverage | 2014 | 2015 |
|--------------------------|--------------|--------------|
| Assets | \$35,402,177 | \$38,307,677 |
| Liabilities | (12,363,257) | (12,759,127) |
| Net Position | \$23,038,920 | \$25,548,550 |

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$7,000.

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 | |
|-----------------------------|----------|
| 2014 | \$10,664 |
| 2015 | \$10,616 |

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

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

For 2015, the District, through Auglaize County as their fiscal agent, participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the GRP"), an insurance purchasing pool. The intent of the GRP is to achieve a reduced premium for the District by virtue of its grouping with other participants in the GRP.

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

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

6. RISK MANAGEMENT (Continued)

C. Employee Medical Benefits

The District participates in a health insurance plan through Medical Mutual of Ohio 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 |
|------|----------------------------------|-----------------|--------------------|--------------------------------|
| 2015 | \$3,639 | \$26,856 | \$24,996 | \$5,499 |
| 2014 | \$6,027 | \$27,840 | \$30,228 | \$3,639 |

7. DEFINED BENEFIT PENSION PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

| Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|---|---|--|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | State and Local |
|--|----------------------------|
| 2015 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2015 Actual Contribution Rates | |
| Employer: | |
| Pension | 12.0 % |
| Post-employment Health Care Benefits | 2.0 |
| Total Employer | <u>14.0 %</u> |
| Employee | <u>10.0 %</u> |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$126,539 for year 2015.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

8. POST-EMPLOYMENT BENEFITS

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying recipients 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 20 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 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015 local government employer units contributed at 14 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0 percent during calendar year 2015. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2015, 2014 and 2013 were \$21,080, \$21,435, and \$53,770 respectively; 89 percent has been contributed for 2015 and 100 percent for 2014 and 2013.

**GENERAL HEALTH DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

9. OPERATING LEASE

The District is a party to a three year lease for rental of office space. This lease was effective August 1, 2015, and terminates July 31, 2018. This lease requires the District to remit monthly payments of \$6,000 the first day of each month.

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.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 30, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

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Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

August 30, 2016



Dave Yost • 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
OCTOBER 4, 2016**