



Dave Yost • Auditor of State



**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY  
DECEMBER 31, 2016**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2016.....	3
Statement of Activities – Cash Basis – For the Year Ended December 31, 2016 .....	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds – December 31, 2016.....	5
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis -	
Governmental Funds – For the Year Ended December 31, 2016 .....	6
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis - For the Year Ended December 31, 2016	
General Fund .....	7
Women, Infant and Children Fund .....	8
Statement of Fiduciary Assets and Liabilities – Cash Basis –	
Fiduciary Fund – December 31, 2016.....	9
Notes to the Basic Financial Statements.....	11
Independent Auditor's Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i> .....	25
Schedule of Findings.....	27

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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, 2016, 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, 2016, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018, 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

January 22, 2018

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2016**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$477,533</u>
Total Assets	<u>477,533</u>
<b>Net Position</b>	
<b>Restricted for:</b>	
Other Purposes	46,903
Unrestricted	<u>430,630</u>
Total Net Position	<u>\$477,533</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, 2016**

	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
<b>Governmental Activities</b>				
<b>Environmental Health:</b>				
General Environmental Health	\$1,604,590	\$653,883	\$9,760	(\$940,947)
Food	82,052	80,226		(1,826)
Pools	9,196	10,170		974
Water	16,343	19,762		3,419
Sewers		550		550
Camps/Manufactured Homes	6,716	5,580	1,625	489
<b>Community Health Services:</b>				
WIC	192,520		157,139	(35,381)
Immunizations	50,971		60,167	9,196
Other Community Health Services	24,900	13,284	25,250	13,634
Early Intervention Services Coordination	106,382		91,854	(14,528)
<b>Health Promotion and Planning:</b>				
Public Health Emergency Preparedness	131,139		112,155	(18,984)
Total Governmental Activities	<u>\$2,224,809</u>	<u>\$783,455</u>	<u>\$457,950</u>	<u>(983,404)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
				713,417
				3,553
Grants and Entitlements not				
				160,961
				41,901
Total General Receipts				<u>919,832</u>
Change in Net Position				(63,572)
Net Position Beginning of Year				<u>541,105</u>
Net Position End of Year				<u>\$477,533</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, 2016**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$430,630	\$14,170	\$32,733	\$477,533
Total Assets	<u>430,630</u>	<u>14,170</u>	<u>32,733</u>	<u>477,533</u>
<b>Fund Balances:</b>				
Restricted		14,170	32,733	46,903
Committed	20,035			20,035
Assigned	226,562			226,562
Unassigned	184,033			184,033
Total Fund Balances	<u>\$430,630</u>	<u>\$14,170</u>	<u>\$32,733</u>	<u>\$477,533</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, 2016**

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
Intergovernmental Revenue	\$160,961	\$157,139	\$291,811	\$609,911
Property Taxes	713,417			713,417
Subdivisions	3,553			3,553
Licenses and Permits	19,592		115,738	135,330
Fees	640,564		1,070	641,634
Contract Services	1,997		4,494	6,491
Other Receipts	27,037		23,864	50,901
Total Receipts	<u>1,567,121</u>	<u>157,139</u>	<u>436,977</u>	<u>2,161,237</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Environmental Health:</b>				
General Environmental Health	1,589,595		14,995	1,604,590
Food			82,052	82,052
Pools			9,196	9,196
Water			16,343	16,343
Camps/Manufactured Home Parks			6,716	6,716
Community Health Services:				
WIC		192,520		192,520
Immunizations			50,971	50,971
Other Community Health Services			24,900	24,900
Early Intervention Service Coordination			106,382	106,382
Health Promotion and Planning:				
Public Health Emergency Preparedness			131,139	131,139
Total Disbursements	<u>1,589,595</u>	<u>192,520</u>	<u>442,694</u>	<u>2,224,809</u>
Excess of Receipts (Under) Disbursements	<u>(22,474)</u>	<u>(35,381)</u>	<u>(5,717)</u>	<u>(63,572)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer In			182	182
Transfer Out	(182)			(182)
Advance In	11,724	42,071	13,545	67,340
Advance Out	(55,616)	(8,643)	(3,081)	(67,340)
Total Other Financing Sources (Uses)	<u>(44,074)</u>	<u>33,428</u>	<u>10,646</u>	<u>0</u>
Net Change in Fund Balances	(66,548)	(1,953)	4,929	(63,572)
Fund Balances Beginning of Year	<u>497,178</u>	<u>16,123</u>	<u>27,804</u>	<u>541,105</u>
Fund Balances End of Year	<u>\$430,630</u>	<u>\$14,170</u>	<u>\$32,733</u>	<u>\$477,533</u>

See accompanying notes to the basic financial statements.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$699,253	\$699,253	\$716,970	\$17,717
Intergovernmental	163,600	163,600	160,961	(2,639)
Fines, Licenses and Permits	22,800	22,800	19,592	(3,208)
Fees	554,250	554,250	640,564	86,314
Contract Services	1,300	1,300	1,997	697
Miscellaneous	20,000	20,000	27,037	7,037
<b>Total Receipts</b>	<u>1,461,203</u>	<u>1,461,203</u>	<u>1,567,121</u>	<u>105,918</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Environmental Health:</b>				
General Environmental Health	1,729,280	1,814,650	1,675,400	139,250
<b>Total Disbursements</b>	<u>1,729,280</u>	<u>1,814,650</u>	<u>1,675,400</u>	<u>139,250</u>
Excess of Receipts (Under) Disbursements	<u>(268,077)</u>	<u>(353,447)</u>	<u>(108,279)</u>	<u>245,168</u>
<b>Other Financing Sources (Uses):</b>				
Advance In			11,724	11,724
Advance Out			(55,616)	(55,616)
Transfers In	20,000	20,000	20,000	0
Transfers Out	(15,553)	(20,182)	(20,182)	0
Other Financing Sources	30,380	30,380	48,019	17,639
<b>Total Other Financing Sources (Uses)</b>	<u>34,827</u>	<u>30,198</u>	<u>3,945</u>	<u>(26,253)</u>
Net Change in Fund Balances	(233,250)	(323,249)	(104,334)	218,915
Prior Year Encumbrances Appropriated	19,955	19,955	19,955	0
Fund Balances Beginning of Year	<u>477,224</u>	<u>477,224</u>	<u>477,224</u>	<u>0</u>
Fund Balances End of Year	<u>\$263,929</u>	<u>\$173,930</u>	<u>\$392,845</u>	<u>\$218,915</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  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Intergovernmental	\$196,447	\$196,447	\$157,139	(\$39,308)
Total Receipts	<u>196,447</u>	<u>196,447</u>	<u>157,139</u>	<u>(39,308)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Community Health Service:</b>				
WIC	196,778	196,778	192,708	4,070
Total Disbursements	<u>196,778</u>	<u>196,778</u>	<u>192,708</u>	<u>4,070</u>
Excess of Receipts (Under) Disbursements	<u>(331)</u>	<u>(331)</u>	<u>(35,569)</u>	<u>(35,238)</u>
<b>Other Financing Sources (Uses):</b>				
Advance In			42,070	42,070
Advance Out			<u>(8,643)</u>	<u>(8,643)</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>33,427</u>	<u>33,427</u>
Net Change in Fund Balances	(331)	(331)	(2,142)	(1,811)
Prior Year Encumbrances Appropriated	331	331	331	0
Fund Balances Beginning of Year	<u>15,792</u>	<u>15,792</u>	<u>15,792</u>	<u>0</u>
Fund Balances End of Year	<u><u>\$15,792</u></u>	<u><u>\$15,792</u></u>	<u><u>\$13,981</u></u>	<u><u>(\$1,811)</u></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, 2016**

	<u>Agency</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$8,530</u></u>
 <b>Liabilities:</b>	
Undistributed Monies	<u><u>\$8,530</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, 2016**

**1. DESCRIPTION OF THE GENERAL HEALTH DISTRICT**

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's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

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

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

**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 the statement of activities display information about the District as a whole. These statements include the financial activities of the District except for fiduciary funds. Governmental activities 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 that are 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 a 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, 2016  
(Continued)**

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

**2. Fund Financial Statements**

During the year, the District segregates transactions related to certain 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 of the District 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 and reports all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available to the District for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

**Women, Infant and Children Fund** – This fund accounts for and reports federal grant money restricted to the Women, Infants and Children program.

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

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds account for cash 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, 2016  
(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 disbursements plus encumbrances at the level of control selected by the District Board. 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 budgeted revenue 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 District Board.

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 District Board 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, 2016  
(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 reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Auglaize County Auditor's office, 209 S Blackhoof St, Wapakoneta OH 45895.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. 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**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**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 or retirement, 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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

**M. 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, 2016.

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.

**N. Fund Balance**

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

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

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

**Committed** – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Health. The committed amounts cannot be used for any other purpose unless the District 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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

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.

**O. Inter-fund Transactions**

Exchange transactions between funds are reported 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.

**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	\$37,785
Women, Infant, and Children Fund	\$ 189

The General Fund disbursements had an additional reconciling factor of \$48,019 as a result of an adjustment that was made on the cash basis to reduce Other Financing Sources by \$48,019 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, public utility 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 2016 represents the collection of 2015 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2015, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**4. PROPERTY TAXES (Continued)**

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

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

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

The full tax rate for all the District operations for the year ended December 31, 2016, was \$1.00 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2016 property tax receipts were based are as follows:

Real Property	\$1,037,596,550
Public Utility Property	317,220
Public Utility Personal Property	31,613,560
Total Assessed Values	<u>\$1,069,527,330</u>

**5. OUTSTANDING INTER-FUND ADVANCES**

The advances outstanding due to the general fund at year end are as follows:

Women, Infant, and Children Fund	\$33,428
Other Governmental Fund	\$10,464

Inter-fund advances were made as a short-term loan to funds that needed operating money while grant funding or other revenue is expected to be received. The outstanding inter-fund loans are expected to be repaid within one year.

**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 Workers' Compensation Group Rating Plan (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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**B. 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, 2016, 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.

**C. Financial Position**

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<b>2016</b>
Assets	<u>\$42,182,281</u>
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, 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.

**2016 Contributions to PEP**  
\$10,584

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 2016, 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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

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

**C. Employee Medical Benefits**

The District participates in a health insurance plan through 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:

	<b>Beginning Of the Year</b>	<b>Deposits</b>	<b>Claims Paid</b>	<b>Balance at Year End</b>
2016	\$5,499	\$25,517	\$22,486	\$8,530
2015	\$3,639	\$26,856	\$24,996	\$5,499

**7. DEFINED BENEFIT PENSION PLANS**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is 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/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.

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, 2016  
(Continued)**

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

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

	<b>State and Local</b>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0%
Employee	10.0%
<b>2016 Actual Contribution Rates</b>	
<b>Employer:</b>	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
	<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 for pension was \$130,558 for year 2016.



**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(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 2016 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 2016 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 2016. 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, 2016, 2015 and 2014 were \$ 21,750, \$21,080, and \$21,435 respectively; 92 percent has been contributed for 2016 and 100 percent for 2015 and 2014.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**9. FUND BALANCES**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<b>Fund Balances</b>	<b>General Fund</b>	<b>Women, Infants and Children</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Restricted for:</b>				
WIC		\$14,170		\$14,170
Emergency Preparedness			\$67	67
Early Intervention Service			2,642	2,642
Pools			1,952	1,952
Water			6,574	6,574
Food			4,546	4,546
Trailer Parks			1,222	1,222
CHA Project			350	350
Immunizations			13,069	13,069
Homemaker			1,761	1,761
Sewers			550	550
Total Restricted		14,170	32,733	46,903
<b>Committed to:</b>				
Sick/Vacation Leave Payout	\$20,035			20,035
<b>Assigned:</b>				
Encumbrances	37,786			37,786
Subsequent Year Budget	188,776			188,776
	226,562			226,562
<b>Unassigned (deficits):</b>				
General	184,033			184,033
	184,033			184,033
Total Fund Balances	\$430,630	\$14,170	\$32,733	\$477,533

**10. INTERFUND TRANSFERS**

The District transferred \$182 to the Public Health Emergency Preparedness Fund (other governmental funds) to provide additional resources for the fund's operations.

**11. 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.

**GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**12. CONTINGENT LIABILITIES**

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

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# 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 22, 2018, 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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

***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*.

***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 22, 2018

**AUGLAIZE COUNTY GENERAL HEALTH DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2016-001**

**MATERIAL WEAKNESS – FINANCIAL STATEMENT ERRORS**

The District's financial statements were prepared on a cash basis, utilizing an "Other Comprehensive Basis of Accounting." The District incorrectly eliminated all advance transactions and reported outstanding advances as due to other governments, due to other funds, and due from other funds. Due to the elimination of advance transactions, the following errors were identified and adjusted on the financial statements:

- Governmental activities due to other governments was overstated by \$14,514 and restricted net position was understated by the same amount. Miscellaneous general revenue was also understated by \$14,514.
- General fund due from other funds and non-spendable fund balance was overstated by \$43,892.
- WIC fund due to other governments was overstated by \$33,428 and fund balance was understated by the same amount.
- Other governmental funds due to other governments was overstated by \$14,514, due to other funds was overstated by \$10,464, and fund balance was understated by \$24,978.
- General fund advances in was understated by \$11,724 and advances out was understated by \$55,616.
- WIC fund advances in was understated by \$42,071 and advances out was understated by \$8,643.
- Other governmental funds advances in was understated by \$13,545, advances out was understated by \$3,081, and other receipts were understated by \$14,514.

Failure to properly report financial activity in accordance with the District's accounting basis could lead to material financial statement errors and unreliable financial statement information.

The District should verify the proper reporting of all financial transactions in accordance with the basis of accounting that is utilized.

**Officials' Response:** The financial statement preparer made a mistake. All appropriate work paper folders have been updated. This error will not happen again.

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# 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  
FEBRUARY 20, 2018**