



Dave Yost • Auditor of State

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sandusky County District Board of Health
Sandusky County
2000 Countryside Drive
Fremont, Ohio 43420-8560

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky County District Board of Health, Sandusky County, Ohio (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky County District Board of Health, Sandusky County, Ohio as of December 31, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Board of Health Nursing, WIC and Solid Waste funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 the Sandusky County District Board of Health adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

June 20, 2012

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

The discussion and analysis of Sandusky County District Board of Health (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

1. The Ohio Department of Health (ODH) made available additional Phase 3 funding for Public Health Emergency Response (PHER), begun in 2009, to address the H1N1 pandemic. These funds were used to improve and expand the Health Department's ability to ensure that vaccine supplies are kept secure and viable for public distribution, as well as enhance the department's response in case a pandemic situation should recur.
2. The Health Department began participation in the Medicaid Administrative Claiming program provided by the state. This participation provides additional funds for services currently provided but not reimbursable under other sources.
3. The Public Health Clinic division of the Health Department provided school nursing services to the Clyde-Green Springs Exempted School District for the school year from August 2010 through June 2011. The program has since been discontinued.
4. The Child and Family Health Service (CFHS) grant was increased by 54% for the 2011/2012 funding year. The additional funds will assist the department in increasing childhood obesity awareness, provide for the Grow It, Try It, Like It and SIDS awareness programs.

Using the Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the cash activities of the whole District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, there are four major governmental funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during 2011?", within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental type activities at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs goods or services and grants restricted to meeting the operational requirements of a particular program. General revenues are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

These two statements report the District's cash position and changes in cash position. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. This change of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the Statement of Net Assets and the Statement of Activities, the District has one type of activity.

Governmental Activities – All of the District's programs and services are reported here including health and general government. These services are funded primarily by property taxes, charges for services and intergovernmental revenue including federal and state grants and other shared revenues.

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. The funds of the District are all classified as governmental funds.

Governmental Funds – All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed 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 nonmajor 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 government funds are the General Fund, Board of Health Nursing Fund, WIC Fund and Solid Waste Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The table below provides a summary of the District's net assets for 2011 and 2010:

| | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------------|
| | <u>2011</u> | <u>2010</u> |
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 1,715,479</u> | <u>\$ 1,921,176</u> |
| Net Assets | | |
| Restricted for: | | |
| Other Purposes | 1,541,844 | 1,682,751 |
| Unrestricted | 173,635 | 238,425 |
| Total Net Assets | <u>\$ 1,715,479</u> | <u>\$ 1,921,176</u> |

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

Over time, net assets can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2011 and 2010 despite the decline in the economy.

Changes in Net Assets

| | Governmental Activities | |
|--|-------------------------|--------------|
| | 2011 | 2010 |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services | \$ 836,713 | \$ 1,034,008 |
| Operating Grants and Contributions | 1,200,652 | 1,184,108 |
| Total Program Receipts | 2,037,365 | 2,218,116 |
| General Receipts: | | |
| Property Taxes Levied for General Purposes | 449,135 | 446,801 |
| Grants and Entitlements Not Restricted to Specific Programs | 181,966 | 230,282 |
| Miscellaneous | 47,513 | 50,118 |
| Total General Receipts | 678,614 | 727,201 |
| Total Receipts | 2,715,979 | 2,945,317 |
| Disbursements: | | |
| Health | 2,921,676 | 3,085,919 |
| Change in Net Assets | (205,697) | (140,602) |
| Net Assets, January 1 | 1,921,176 | 2,061,778 |
| Net Assets, December 31 | \$ 1,715,479 | \$ 1,921,176 |

Governmental Activities

Net assets of the District's governmental activities decreased \$205,697. Total governmental expenditures of \$2,921,676 were offset by program revenues of \$2,037,365 and general revenue of \$678,614. Program revenues supported 70% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from charges for services receipts. These revenue sources represent 31% of total governmental revenue.

Health services expenses totaled \$ 2,921,676 or 100% of total government expenses for 2011.

The Statement of Activities shows the cost of program services and operating grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by contributions and unrestricted State grants and entitlements.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

| | Governmental Activities | | | |
|--------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | Total Cost of Services 2011 | Net Cost of Services 2011 | Total Cost of Services 2010 | Net Cost of Services 2010 |
| | Program expenses: | | | |
| Health | <u>\$ 2,921,676</u> | <u>\$ 884,311</u> | <u>\$ 3,085,919</u> | <u>\$ 867,803</u> |

The District's Funds

The District's governmental funds reported a combined fund balance of \$1,715,479, which is \$205,697 less than last years' total of \$1,921,176. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2011 and 2010.

| | <u>Fund Balance, December 31</u> | | | Percentage Change |
|-------------------------|----------------------------------|---------------------|---------------------------------|----------------------|
| | <u>2011</u> | <u>2010</u> | <u>Increase/ (Decrease)</u> | |
| General | \$ 173,635 | \$ 238,425 | \$ (64,790) | 27.2% |
| Board of Health Nursing | 657,731 | 758,361 | (100,630) | 13.3% |
| Solid Waste | 182,354 | 176,589 | 5,765 | 3.3% |
| WIC | 48,590 | 124,617 | (76,027) | 61.0% |
| Other Governmental | 653,169 | 623,184 | 29,985 | 4.8% |
| Total Fund Balance | <u>\$ 1,715,479</u> | <u>\$ 1,921,176</u> | <u>\$ (205,697)</u> | <u>10.7%</u> |

The greatest change within governmental funds occurred within the Board of Health Nursing Fund. The fund balance of the Board of Health Nursing Fund decreased \$100,630 for 2011 due to an increase in expenditures including a \$25,000 transfer out.

Budget Highlights

The District's budget is prepared in accordance 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.

During 2011, the District amended its budget several times to reflect changing circumstances.

For the General Fund, final receipts and other financing sources were budgeted at \$840,000 while actual receipts and other financing sources were \$818,483. The District received more revenues than were expected in the intergovernmental line item.

For the General Fund, final disbursements and other financing uses were budgeted at \$983,840 while actual disbursements and other financing uses were \$906,494. The District expended less money than they had originally anticipated.

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

Current Issues

The challenge for the District is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funds. We rely on operating grants and are diligent in searching for new funding sources in order to allow our programs to continue. Charges for services and contract rates are analyzed to ensure to administer and carry out programs are covered.

Contacting the District's Financial Management

The 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 David Pollick, Health Commissioner, 2000 Countryside Drive, Fremont, OH 43420-8560.

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**Sandusky County District Board of Health
Sandusky County**

Statement of Net Assets - Cash Basis
December 31, 2011

| | Governmental Activities |
|--|------------------------------------|
| <u>Assets</u> | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 1,715,479</u> |
| <u>Net Assets</u> | |
| Restricted for: | |
| Other Purposes | \$ 1,541,844 |
| Unrestricted | <u>173,635</u> |
| Total Net Assets | <u>\$ 1,715,479</u> |

See accompanying notes to the basic financial statements

**Sandusky County District Board of Health
Sandusky County**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

| | <u>Program Cash Receipts</u> | | Net (Disbursements) Receipts and Changes in Net Assets |
|--|------------------------------|---|---|
| | <u>Disbursements</u> | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> |
| Governmental Activities | | | <u>Governmental Activities</u> |
| Health | \$ 2,921,676 | \$ 836,713 | \$ 1,200,652 |
| | | | (884,311) |
| General Receipts | | | |
| Property Taxes Levied and Other Local Taxes Levied for General Health District Purposes | | | 449,135 |
| Grants and Entitlements not Restricted to Specific Programs | | | 181,966 |
| Donations | | | 43,949 |
| Miscellaneous | | | 3,564 |
| Total General Receipts | | | 678,614 |
| Change in Net Assets | | | (205,697) |
| Net Assets Beginning of Year | | | 1,921,176 |
| Net Assets End of Year | | | \$ 1,715,479 |

See accompanying notes to the basic financial statements

**Sandusky County District Board of Health
Sandusky County**

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

| | General | Board of Health Nursing | WIC | Solid Waste | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|----------------------------|------------------|-------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 173,635 | \$ 657,731 | \$ 48,590 | \$ 182,354 | \$ 653,169 | \$ 1,715,479 |
| Fund Balances | | | | | | |
| Restricted: | | | | | | |
| Nursing | | \$ 657,731 | | | | \$ 657,731 |
| Trailer Park | | | | | \$ 84,945 | 84,945 |
| Boat Marina | | | | | 4,041 | 4,041 |
| Food Service | | | | | 44,254 | 44,254 |
| Water Systems | | | | | 48,233 | 48,233 |
| Swimming Pool | | | | | 37,318 | 37,318 |
| Family Planning | | | | | 66,629 | 66,629 |
| CFHS | | | | | 14,985 | 14,985 |
| WIC | | | \$ 48,590 | | | 48,590 |
| Public Health Emergency Response | | | | | | |
| Women's Health Services | | | | | | |
| Solid Waste | | | | \$ 182,354 | | 182,354 |
| Tobacco Use Prevention and Cessation | | | | | | |
| Public Health Emergency Preparedness | | | | | 23,384 | 23,384 |
| SPF-SIG | | | | | 5,200 | 5,200 |
| Prevention Partnership | | | | | 2,565 | 2,565 |
| Drug Free Communities | | | | | 8,346 | 8,346 |
| Sewage Treatment Service | | | | | 11,545 | 11,545 |
| Smoke Free Workplace | | | | | 4,468 | 4,468 |
| Immunization Action Plan | | | | | 3,541 | 3,541 |
| Mentoring | | | | | 10,939 | 10,939 |
| Scrap Tires | | | | | 10,000 | 10,000 |
| Committed: | | | | | | |
| Homemakers | | | | | 30,107 | 30,107 |
| Preventative Health | | | | | 8,060 | 8,060 |
| Public Health Clinic | | | | | 138,043 | 138,043 |
| Senior Citizens Clinic | | | | | 7,809 | 7,809 |
| Environmental and Public Health | | | | | 6,253 | 6,253 |
| Community Health Assessment | | | | | 39,584 | 39,584 |
| Help Me Grow | | | | | 42,098 | 42,098 |
| Wellness | | | | | 822 | 822 |
| Assigned | \$ 23,221 | | | | | 23,221 |
| Unassigned | 150,414 | | | | | 150,414 |
| Total Fund Balances | \$ 173,635 | \$ 657,731 | \$ 48,590 | \$ 182,354 | \$ 653,169 | \$ 1,715,479 |

See accompanying notes to the basic financial statements

**Sandusky County District Board of Health
Sandusky County**

Statement of Cash Receipts, Disbursement and Changes in Cash Basis Fund Balances
Government Funds
For the Year Ended December 31, 2011

| | <u>General</u> | <u>Board of Health Nursing</u> | <u>WIC</u> | <u>Solid Waste</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--|-------------------|------------------------------------|------------------|--------------------|---|---------------------|
| Receipts | | | | | | |
| Property Taxes | \$ 449,135 | | | | | \$ 449,135 |
| Charges for Services | 128,404 | \$ 336,120 | | \$ 18,900 | \$ 678,425 | 1,161,849 |
| Intergovernmental | 181,911 | | \$ 260,579 | | 612,762 | 1,055,252 |
| Miscellaneous | 4,129 | 10,884 | | | 34,730 | 49,743 |
| Total Receipts | <u>763,579</u> | <u>347,004</u> | <u>260,579</u> | <u>18,900</u> | <u>1,325,917</u> | <u>2,715,979</u> |
| Disbursements | | | | | | |
| Health | <u>802,701</u> | <u>422,634</u> | <u>335,518</u> | <u>13,135</u> | <u>1,347,688</u> | <u>2,921,676</u> |
| Excess of Receipts Over/(Under) Disbursements | (39,122) | (75,630) | (74,939) | 5,765 | (21,771) | (205,697) |
| Other Financing Sources (Uses) | | | | | | |
| Transfer In | 27,904 | | | | 61,072 | 88,976 |
| Transfer Out | (61,072) | (25,000) | (1,088) | | (1,816) | (88,976) |
| Advances In | 27,000 | | | | | 27,000 |
| Advances Out | (19,500) | | | | (7,500) | (27,000) |
| Total Other Financing Sources (Uses) | <u>(25,668)</u> | <u>(25,000)</u> | <u>(1,088)</u> | | <u>51,756</u> | |
| Net Change in Fund Balances | (64,790) | (100,630) | (76,027) | 5,765 | 29,985 | (205,697) |
| Fund Balances Beginning of Year | <u>238,425</u> | <u>758,361</u> | <u>124,617</u> | <u>176,589</u> | <u>623,184</u> | <u>1,921,176</u> |
| Fund Balance End of Year | <u>\$ 173,635</u> | <u>\$ 657,731</u> | <u>\$ 48,590</u> | <u>\$ 182,354</u> | <u>\$ 653,169</u> | <u>\$ 1,715,479</u> |

See accompanying notes to the basic financial statements

**Sandusky County District Board of Health
Sandusky County**

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Property Taxes | \$ 480,000 | \$ 480,000 | \$ 449,135 | \$ (30,865) |
| Charges for Services | 100,000 | 100,000 | 128,404 | 28,404 |
| Intergovernmental | 140,000 | 140,000 | 181,911 | 41,911 |
| Miscellaneous | 45,000 | 20,000 | 4,129 | (15,871) |
| Total Receipts | <u>765,000</u> | <u>740,000</u> | <u>763,579</u> | <u>23,579</u> |
| Disbursements | | | | |
| Current: | | | | |
| Health | <u>825,418</u> | <u>842,840</u> | <u>825,922</u> | <u>16,918</u> |
| Excess of Disbursements Over Receipts | <u>(60,418)</u> | <u>(102,840)</u> | <u>(62,343)</u> | <u>40,497</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | | | 27,904 | 27,904 |
| Transfers Out | (50,000) | (50,000) | (61,072) | (11,072) |
| Advances In | 100,000 | 100,000 | 27,000 | (73,000) |
| Advances Out | <u>(100,000)</u> | <u>(91,000)</u> | <u>(19,500)</u> | <u>71,500</u> |
| Total Other Financing Sources (Uses) | <u>50,000</u> | <u>(41,000)</u> | <u>(25,668)</u> | <u>15,332</u> |
| Net Change in Fund Balance | (10,418) | (143,840) | (88,011) | 55,829 |
| Fund Balance Beginning of Year | 238,137 | 238,137 | 238,137 | |
| Prior Year Encumbrances Appropriated | <u>288</u> | <u>288</u> | <u>288</u> | |
| Fund Balance End of Year | <u>\$ 228,007</u> | <u>\$ 94,585</u> | <u>\$ 150,414</u> | <u>\$ 55,829</u> |

See accompanying notes to the basic financial statements

**Sandusky County District Board of Health
Sandusky County**

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual - Budget Basis
Board of Health Nursing
For the Year Ended December 31, 2011

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Charges for Services | \$ 324,000 | \$ 329,000 | \$ 336,120 | \$ 7,120 |
| Miscellaneous | 10,880 | 10,880 | 10,884 | 4 |
| | <u>334,880</u> | <u>339,880</u> | <u>347,004</u> | <u>7,124</u> |
| Disbursements | | | | |
| Current: | | | | |
| Health | 493,020 | 493,832 | 431,497 | 62,335 |
| Excess of Disbursements Over Receipts | <u>(158,140)</u> | <u>(153,952)</u> | <u>(84,493)</u> | <u>69,459</u> |
| Other Financing (Uses) | | | | |
| Transfers Out | <u>(50,000)</u> | <u>(50,000)</u> | <u>(25,000)</u> | <u>25,000</u> |
| Net Change in Fund Balance | (208,140) | (203,952) | (109,493) | 94,459 |
| Fund Balance Beginning of Year | 757,976 | 757,976 | 757,976 | |
| Prior Year Encumbrances Appropriated | <u>385</u> | <u>385</u> | <u>385</u> | |
| Fund Balance End of Year | <u>\$ 550,221</u> | <u>\$ 554,409</u> | <u>\$ 648,868</u> | <u>\$ 94,459</u> |

See accompanying notes to the basic financial statements

**Sandusky County District Board of Health
Sandusky County**

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual - Budget Basis
WIC
For the Year Ended December 31, 2011

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Intergovernmental | \$ 300,000 | \$ 260,500 | \$ 260,579 | \$ 79 |
| Disbursements | | | | |
| Current: | | | | |
| Health | 320,005 | 338,382 | 336,072 | 2,310 |
| Excess of Disbursements Over Receipts | (20,005) | (77,882) | (75,493) | (2,231) |
| Other Financing Sources (Uses) | | | | |
| Advances In | | 35,000 | | |
| Advances Out | (20,000) | (35,000) | | |
| Transfers Out | | (1,088) | (1,088) | |
| Total Other Financing (Uses) | (20,000) | (1,088) | (1,088) | |
| Net Change in Fund Balance | (40,005) | (78,970) | (76,581) | (2,231) |
| Fund Balance Beginning of Year | 124,605 | 124,605 | 124,605 | |
| Prior Year Encumbrances Appropriated | 12 | 12 | 12 | |
| Fund Balance End of Year | <u>\$ 84,612</u> | <u>\$ 45,647</u> | <u>\$ 48,036</u> | <u>\$ (2,231)</u> |

See accompanying notes to the basic financial statements

**Sandusky County District Board of Health
Sandusky County**

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual - Budget Basis
Solid Waste
For the Year Ended December 31, 2011

| | <u>Budgeted Amounts</u> | | | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Charges for Services | \$ 18,020 | \$ 18,020 | \$ 18,900 | \$ 880 |
| Disbursements | | | | |
| Current: | | | | |
| Health | 23,020 | 23,020 | 13,210 | 9,810 |
| Net Change in Fund Balance | (5,000) | (5,000) | 5,690 | 10,690 |
| Fund Balance Beginning of Year | 176,589 | 176,589 | 176,589 | |
| Fund Balance End of Year | <u>\$ 171,589</u> | <u>\$ 171,589</u> | <u>\$ 182,279</u> | <u>\$ 10,690</u> |

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - REPORTING ENTITY

The District Board of Health, Sandusky County, Ohio (District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an eight-member Board with one member appointed by the City of Clyde, two members appointed by the City of Fremont, four members appointed by the District Advisory Council and one member appointed by the District Licensing Advisory Council. The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District's is responsible for the provisions of public health, the prevention or restriction of disease and the prevention, abatement and suppression of nuisances.

The Sandusky County Auditor acts as fiscal agent for the District and the Sandusky County Treasurer acts as custodian of all funds.

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

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. The District has no component units.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements show those activities of the District that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each 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 program's goods or 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, 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 or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Major funds are presented in a separate column. Non major funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the 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.

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), charges for services, and other non-exchange transactions as governmental funds. The District's major governmental funds are the General Fund, Board of Health Nursing Fund, WIC Fund and Solid Waste Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio. Board of Health Nursing Fund receives fees for providing home nursing services to elderly and homebound persons. WIC special revenue fund accounts for state grants for the WIC program. Solid Waste Fund receives fees for providing licensing for solid waste services to Sandusky County residents. The other government funds of the District account for grants and other resources whose use is restricted to a particular purpose.

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 disbursement are recorded when cash is paid rather than when a liability is incurred.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 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 receivables 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 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 exist 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 limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the District.

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

E. Cash and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the Sandusky County Treasurer, who acts as custodian for District monies. The District's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Individual fund integrity is maintained through District records. Interest is the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District had no restricted assets.

G. Capital Assets

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

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

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.

I. 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 Note 10 and 11, the employer contribution include portions for pension benefits and for postretirement health care benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants for specific purposes.

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

K. Fund Balance Reserves

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:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

L. Interfund Transactions

Transfers between governmental funds are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPALS

For 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the previously reported fund balances.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison schedule presented for the general fund and the major special revenue funds are presented 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 outstanding year end encumbrances are treated as disbursements (budgetary) rather than assigned, committed or restricted fund balance (cash).

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statements:

| | Fund Balance | | | |
|-----------------------------|---------------------|---|------------------|--------------------|
| | <u>General</u> | <u>Board of Health Nursing Fund</u> | <u>WIC Grant</u> | <u>Solid Waste</u> |
| Cash basis | \$ 173,635 | \$ 657,731 | \$ 48,590 | \$ 182,354 |
| Adjustment for encumbrances | <u>(23,221)</u> | <u>(8,863)</u> | <u>(554)</u> | <u>(75)</u> |
| Budgetary basis | <u>\$ 150,414</u> | <u>\$ 648,868</u> | <u>\$ 48,036</u> | <u>\$ 182,279</u> |

NOTE 5 - DEPOSITS AND INVESTMENTS

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of The District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amount of cash on deposit with the County at December 31, 2011, was \$1,715,479. The Sandusky County Treasurer, as fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposited accounts.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property tax receipts received in 2011 represent the collection of 2010 taxes. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property taxes are assessed on real estate, land and improvements are assessed at 35% of appraised market value.

The assessed value upon which 2011 taxes were collected was \$1,099,348,300. The full rate for all County operations applied to real property for fiscal year ended December 31, 2010, was \$.50 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

| | | |
|-------------------------------|-----------|----------------------|
| <u>Real Property</u> | | |
| Agricultural/Residential | \$ | 869,619,690 |
| Commerical/Industrial/Mineral | | 184,613,860 |
| <u>Public Utility</u> | | |
| Real | | 601,490 |
| Personal | | <u>44,513,260</u> |
| Total Assessed Value | <u>\$</u> | <u>1,099,348,300</u> |

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

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 7 - INTERFUND TRANSFERS

During 2011 the following transfers were made:

| | |
|-------------------------------------|----------|
| Transfers from the General Fund to: | |
| Other Governmental Funds | \$61,072 |
| Transfers to the General Fund from: | |
| Nursing Fund | \$25,000 |
| WIC Grant Fund | 1,088 |
| Solid Waste Fund | 1,816 |

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES

During 2011, the following advances were made that had not been repaid at December 31, 2011

| | |
|---------------------------|----------|
| Due to General Fund from; | |
| Other Governmental Funds | \$27,000 |

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

NOTE 9 - RISK MANAGEMENT

A. Risk Pool Membership

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public

Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 9 - RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

| | <u>2010</u> | <u>2009</u> |
|-------------|---------------------|---------------------|
| Assets | \$34,952,010 | \$36,374,898 |
| Liabilities | <u>(14,320,812)</u> | <u>(15,256,862)</u> |
| Net Assets | <u>\$20,631,198</u> | <u>\$21,118,036</u> |

At December 31, 2010 and 2009, (the latest information available) respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$12,000.

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 | |
|-----------------------------|-------------|
| <u>2011</u> | <u>2010</u> |
| \$12,539 | \$11,022 |

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

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 9 - RISK MANAGEMENT (Continued)

B. Insurance Purchasing Pool

For 2011, the County Commissioners participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), as insurance purchasing pool. The Plan is intended to achieve lower workers compensation rates while establishing safer working conditions and environments for the participants. The workers compensation experience of the participating counties 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 its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants.

Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost controls, and actuarial services to the Plan. Each year, the County Commissioners pays an enrollment fee to the Plan to cover the costs of administering the program.

The County Commissioners may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2011 member contribution rates were 10.00% for members in State and local classifications. The District's contribution rate for 2011 was 14.00% of covered payroll.

The District's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The District's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$311,482, \$209,426, and \$206,263, respectively. The full amount has been contributed for 2011, 2010, and 2009.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Plan Description - 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 members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more 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. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 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 benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. 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 benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$155,921, \$104,713, and \$103,131, respectively; 100% has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 12 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience management believes any refunds would be immaterial.

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**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|--|--|---------------------------|--------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Health</i> | | | |
| Special Supplemental Nutrition Program for Women, Infants and Children | 72-1-001-1WA0512 72-1-001-1WAO | 10.557 | \$ 255,013 70,440 |
| Total U.S. Department of Agriculture | | | <u>325,453</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES <i>Passed Through Ohio Department of Health</i> | | | |
| Public Health Emergency Preparedness | 72-1001-2PH0211 72-1001-2PH0212 | 93.069 | 41,886 29,235 |
| | | | <u>71,121</u> |
| Reproductive Health and Wellness | 72-1-001-1FP0311 72-1001-1RH0112 | 93.217 | 30,399 50,874 |
| | | | <u>81,273</u> |
| Drug Free Communities Mentoring | 5H79-SPO13487-07 2H79-SPO13487-06 1-H79-SP017263-01 1-H79-SP017263-02 | 93.276 | 15,809 102,177 67,772 7,369 |
| | | | <u>193,127</u> |
| Maternal and Child Health Services Block Grant to States | 72-1-001-1-MC0411 72-1-001-1-MC0512 | 93.994 | 20,857 14,539 |
| | | | <u>35,396</u> |
| Preventive Health and Health Services Block Grant | 72-1-001-41P0211 72-1-001-41P0211 | 93.991 | 10,336 36,972 |
| | | | <u>47,308</u> |
| <i>Passed Through Mental Health and Recovery Services Board - Seneca County</i> | | | |
| Prevention and Treatment of Substance Abuse | CMMCO-P-11-0003 CMMCO-P-12-0003 | 93.959 | 17,367 15,076 |
| | | | <u>32,443</u> |
| Total U.S. Department of Health and Human Services | | | <u>460,668</u> |
| Total Federal Awards Expenditures | | | <u><u>\$ 786,121</u></u> |

The accompanying notes are an integral part of this schedule.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Sandusky County District Board of Health (the District's) Federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Sandusky County District Board of Health
Sandusky County
2000 Countryside Drive
Fremont, Ohio 43420-8560

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky County District Board of Health, Sandusky County, Ohio (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 20, 2012, wherein we noted the District uses a comprehensive accounting basis other than general accepted accounting principles. We also noted the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 20, 2012.

We intend this report solely for the information and use of management, the audit committee, the Members of the Board, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

June 20, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Sandusky County District Board of Health
Sandusky County
2000 Countryside Drive
Fremont, Ohio 43420-8560

To the Members of the Board:

Compliance

We have audited the compliance of Sandusky County District Board of Health, Sandusky County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Sandusky County District Board of Health, Sandusky County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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www.auditor.state.oh.us

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

Dave Yost
Auditor of State

June 20, 2012

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Special Supplemental Nutrition Program for Women, Infants, and Children – CFDA # 10.557 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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SANDUSKY COUNTY DISTRICT BOARD OF HEALTH

SANDUSKY 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
JULY 17, 2012**