



**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky District Board of Health, Sandusky County, (the District), as of and for the year ended December 31, 2005, 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 1, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky District Board of Health, Sandusky County, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Board of Health Nursing Fund, and Public Health Clinic Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Betty Montgomery
Auditor of State

July 21, 2006

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

The discussion and analysis of the Sandusky District Board of Health, Sandusky County, Ohio (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2005. 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 2005 are as follows:

- Ohio Department of Health's Women's Health Services grant which began in 2004, continued in 2005 at the reduced amount of \$30,000. The use of these funds is providing comprehensive health care to women, specifically those at or below 100% of the federal poverty level. This fund includes screening for breast and cervical cancer, sexually transmitted disease and HIV, voluntary choice of contraceptives, education regarding the dangers of smoking, alcohol and drug use and education on sexual coercion and violence.
- Drug Free Communities is a grant which has been awarded to the District through the Department of Health & Human Services, Substance Abuse and Mental Health Services Administration. This \$100,000 grant is being used to reduce substance abuse among youth, assist the community to strengthen collaboration efforts, and help with research-based prevention planning.
- The Wellness Grant, TANF funds via the Sandusky County Department of Job and Family Services was increased from \$40,000 to \$75,930 beginning July 1, 2005 due to an increase in available funding.
- Help Me Grow calendar year revenues which include General Revenue Fund, Federal Funds Part C, and TANF funds remains at \$226,540 which is almost level with the 2004 grant year.

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 activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. 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 three 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 2005?" These statements include all assets, revenues, and expenses using the cash basis of accounting. The cash basis of accounting takes into accounts when cash is received or paid.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

These two statements report the District's net assets and changes in those assets. 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. The cause of the changes may be the result of many financial factors.

In the Statement of Net Assets and the Statement of Activities, the District discloses the following 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 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

A fund is a grouping of related accounts that is used to maintain control over resources that has been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

Fund financial reports provide detailed information about the District's major funds. The District uses several funds to account for a multitude of financial transactions. However these fund financial statements focus on the District's most significant funds. The District's major government funds are the General Fund, Board of Health Nursing Fund, and Public Health Clinic Fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable sources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions.

The District maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenue, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data for the other governmental funds are combined into a single, aggregated presentation.

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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Government-Wide Financial Analysis

The State of Net Assets provides the perspective of the District as a whole. Recall that the Statement of Net Assets provides the perspective of the District as a whole. The table below provides a comparison with the prior year.

The table below provides a comparison summary of the District's net assets for 2005 and 2004.

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
Assets		
Current and other assets	<u>\$2,362,618</u>	<u>\$2,239,385</u>
Total Assets	\$2,362,618	\$2,239,385
Net Assets		
Restricted	\$2,149,486	\$2,071,321
Unrestricted	<u>213,132</u>	<u>168,064</u>
Total net assets	<u>\$2,362,618</u>	<u>\$2,239,385</u>

Over time, net assets can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2005 and 2004 despite the decline in the economy.

	Change in Net Assets Governmental Activities <u>2005</u>	Change in Net Assets Governmental Activities <u>2004</u>
Revenue		
Program Revenue:		
Charges for Services	\$1,409,850	\$1,147,089
Operating Grants	693,482	585,194
General Revenue:		
Property taxes	473,876	439,235
Licenses, Permits, and Fees		203,622
Other Receipts	<u>68,740</u>	<u>67,773</u>
Total Revenue	2,645,948	2,442,913
Expenses		
Legislative and Executive Health	428,868	454,717
	<u>2,093,847</u>	<u>1,976,015</u>
Total Expenses	<u>2,522,715</u>	<u>2,430,732</u>
Change in net assets	123,233	12,181
Net Assets at Beginning of Year	<u>2,239,385</u>	<u>2,227,204</u>
Net Assets at End of Year	<u>\$2,362,618</u>	<u>\$2,239,385</u>

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Governmental Activities

Net Assets of the District's governmental activities increased \$123,233. Total governmental expenditures of \$2,522,715 were offset by program revenues of \$2,103,332 and general revenue of \$542,616. Program revenues supported 83.4% of the total governmental expenses.

The primary sources of revenue for governmental activities is derived from charges for services receipts. These revenue sources represent 44.4% of total governmental revenue.

The largest expense of the District is for health services. Health services expenses represented 83% of total governmental expenses for fiscal year 2005.

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 grant and entitlements. Comparisons for 2005 and 2004 are presented below in the following table.

	Governmental Activities		Governmental Activities	
	Total Cost of Services 2005	Net Cost of Service 2005	Total Cost of Services 2004	Net Cost of Service 2004
Program expenses:				
Legislative and Executive	\$428,868	\$301,695	\$454,717	\$454,717
Health	<u>2,093,847</u>	<u>117,688</u>	<u>1,976,015</u>	<u>243,732</u>
Total Expenses	<u>\$2,522,715</u>	<u>\$419,383</u>	<u>\$2,430,732</u>	<u>\$698,449</u>

The District's Funds

The District's governmental funds reported a combined fund balance of \$2,362,618, which is \$123,233 more than last years' total of \$2,239,385. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2005 and 2004.

	Fund Balance December 31, 2005	Fund Balance December 31, 2004	Increase (Decrease)	Percentage Change
General	\$213,132	\$168,064	\$45,068	26.8%
Board of Health Nursing	1,053,834	1,056,493	(2,659)	-0.25%
Public Health Clinic	236,809	214,628	22,181	10.3%
Other Governmental	<u>858,843</u>	<u>800,200</u>	<u>58,643</u>	7.3%
Total	<u>\$2,362,618</u>	<u>\$2,239,385</u>	<u>\$123,233</u>	5.5%

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Budgetary 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.

During 2005, the District amended its General Fund budget as needed.

- Final budgeted revenues, excluding other financing sources, were \$96,854 less than the original budget. Actual revenue collections, excluding other financing sources, were just \$103,422 more than final budget estimates.
- Final budgeted expenditures, excluding other financing uses, remained the same in total as the original budget, however some line item accounts were modified. Actual expenditures, excluding other financing sources, were \$130,944 less than the final budget estimates.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the district's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed David Pollick, Health Commissioner, 2000 Countryside Drive, Fremont, OH 43420.

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**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**Statement of Net Assets - Modified Cash Basis
December 31, 2005**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,362,618
<i>Total Assets</i>	<u>\$ 2,362,618</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 2,149,486
Unrestricted	213,132
<i>Total Net Assets</i>	<u>\$ 2,362,618</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government:				
Legislative and Executive	\$ 428,868	\$ 127,173		\$ (301,695)
Health	2,093,847	1,282,677	\$ 693,482	(117,688)
<i>Total Governmental Activities</i>	\$ 2,522,715	\$ 1,409,850	\$ 693,482	(419,383)
General Receipts				
Property Taxes Levied for:				
General Purposes				473,876
Miscellaneous				68,740
<i>Total General Receipts</i>				542,616
Change in Net Assets				123,233
<i>Net Assets Beginning of Year</i>				2,239,385
<i>Net Assets End of Year</i>				\$ 2,362,618

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005**

	General	Board of Health Nursing	Public Health Clinic	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 213,132	\$ 1,053,834	\$ 236,809	\$ 858,843	\$ 2,362,618
<i>Total Assets</i>	<u>\$ 213,132</u>	<u>\$ 1,053,834</u>	<u>\$ 236,809</u>	<u>\$ 858,843</u>	<u>\$ 2,362,618</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 3,177	\$ 1,693	\$ 610	\$ 25,896	\$ 31,376
Unreserved:					
Undesignated, Reported in:					
General Fund	209,955				209,955
Special Revenue Funds		1,052,141	236,199	832,947	2,121,287
<i>Total Fund Balances</i>	<u>\$ 213,132</u>	<u>\$ 1,053,834</u>	<u>\$ 236,809</u>	<u>\$ 858,843</u>	<u>\$ 2,362,618</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**Statement of Receipts, Disbursements and Changes in
Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005**

	General	Board of Health Nursing	Public Health Clinic	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$ 473,876				\$ 473,876
Charges for Services		\$ 521,276	\$ 179,842	\$ 472,960	1,174,078
Licenses and Permits	45,223			108,599	153,822
Fees	81,950				81,950
Intergovernmental	109,485			583,997	693,482
Other	26,913	11,503		30,324	68,740
<i>Total Receipts</i>	<u>737,447</u>	<u>532,779</u>	<u>179,842</u>	<u>1,195,880</u>	<u>2,645,948</u>
Disbursements					
Current:					
General Government:					
Legislative and Executive	428,868				428,868
Health	198,511	510,438	157,661	1,227,237	2,093,847
<i>Total Disbursements</i>	<u>627,379</u>	<u>510,438</u>	<u>157,661</u>	<u>1,227,237</u>	<u>2,522,715</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>110,068</u>	<u>22,341</u>	<u>22,181</u>	<u>(31,357)</u>	<u>123,233</u>
Other Financing Sources (Uses)					
Transfers In	25,000			35,000	60,000
Transfers Out	(35,000)	(25,000)			(60,000)
Advances In	35,000			90,000	125,000
Advances Out	(90,000)			(35,000)	(125,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(65,000)</u>	<u>(25,000)</u>		<u>90,000</u>	
<i>Net Change in Fund Balances</i>	45,068	(2,659)	22,181	58,643	123,233
<i>Fund Balances Beginning of Year</i>	<u>168,064</u>	<u>1,056,493</u>	<u>214,628</u>	<u>800,200</u>	<u>2,239,385</u>
<i>Fund Balances End of Year</i>	<u>\$ 213,132</u>	<u>\$ 1,053,834</u>	<u>\$ 236,809</u>	<u>\$ 858,843</u>	<u>\$ 2,362,618</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual Comparison - Budget Basis
General Fund
For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$ 471,659	\$ 401,000	\$ 473,876	\$ 72,876
Fees	80,000	75,000	81,950	6,950
Licenses and Permits	40,000	40,000	45,223	5,223
Intergovernmental	111,720	97,525	109,485	11,960
Other	27,500	20,500	26,913	6,413
<i>Total receipts</i>	<u>730,879</u>	<u>634,025</u>	<u>737,447</u>	<u>103,422</u>
Disbursements				
Current:				
Salaries	350,000	348,000	323,627	24,373
Supplies	8,500	8,500	7,582	918
Equipment	15,000	15,000	2,222	12,778
Contract - Repair	500	500		500
Contract - Services	45,000	45,000	28,409	16,591
Travel & Expenses	32,000	32,000	28,240	3,760
Dog Fund	500	500		500
Advertising & Printing	6,000	6,000	3,352	2,648
OPERS	80,000	80,000	71,393	8,607
Workers' Compensation	2,000	4,000	3,901	99
Unemployment Compensation	1,000	1,000	816	184
Medicare	6,000	6,000	2,170	3,830
Other Expenses	215,000	215,000	158,844	56,156
<i>Total Disbursements</i>	<u>761,500</u>	<u>761,500</u>	<u>630,556</u>	<u>130,944</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(30,621)</u>	<u>(127,475)</u>	<u>106,891</u>	<u>234,366</u>
Other Financing Sources (Uses)				
Other Sources	6,874	6,874		(6,874)
Transfers In			25,000	25,000
Transfers Out	(50,000)	(50,000)	(35,000)	15,000
Advances In		90,000	35,000	(55,000)
Advances Out			(90,000)	(90,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(43,126)</u>	<u>46,874</u>	<u>(65,000)</u>	<u>(111,874)</u>
<i>Net Change in Fund Balance</i>	<u>(73,747)</u>	<u>(80,601)</u>	<u>41,891</u>	<u>122,492</u>
<i>Fund Balance Beginning of Year</i>	164,887	164,887	164,887	
Prior Year Encumbrances Appropriated	3,177	3,177	3,177	
<i>Fund Balance End of Year</i>	<u>\$ 94,317</u>	<u>\$ 87,463</u>	<u>\$ 209,955</u>	<u>\$ 122,492</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual Comparison - Budget Basis
Board of Health Nursing Fund
For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ 492,000	\$ 503,194	\$ 521,276	\$ 18,082
Other	11,000	11,474	11,503	29
<i>Total receipts</i>	<u>503,000</u>	<u>514,668</u>	<u>532,779</u>	<u>18,111</u>
Disbursements				
Current:				
Salaries	285,000	285,000	268,381	16,619
Supplies	20,007	20,007	17,684	2,323
Contract Services	151,598	151,598	101,685	49,913
Travel & Expenses	19,395	19,395	12,310	7,085
OPERS	70,000	70,000	65,337	4,663
Workers' Compensation	4,000	4,000	3,460	540
Medicare	5,000	5,000	3,448	1,552
Other Expenses	50,000	50,000	39,131	10,869
Equipment	15,000	15,000	695	14,305
<i>Total Disbursements</i>	<u>620,000</u>	<u>620,000</u>	<u>512,131</u>	<u>107,869</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(117,000)</u>	<u>(105,332)</u>	<u>20,648</u>	<u>125,980</u>
Other Financing Uses				
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(25,000)</u>	<u>25,000</u>
<i>Net Change in Fund Balance</i>	<u>(167,000)</u>	<u>(155,332)</u>	<u>(4,352)</u>	<u>150,980</u>
<i>Fund Balance Beginning of Year</i>	1,055,384	1,055,384	1,055,384	
Prior Year Encumbrances Appropriated	<u>1,109</u>	<u>1,109</u>	<u>1,109</u>	
<i>Fund Balance End of Year</i>	<u><u>\$ 889,493</u></u>	<u><u>\$ 901,161</u></u>	<u><u>\$ 1,052,141</u></u>	<u><u>\$ 150,980</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual Comparison - Budget Basis
Public Health Clinic**

For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ 150,000	\$ 172,300	\$ 179,842	\$ 7,542
<i>Total receipts</i>	<u>150,000</u>	<u>172,300</u>	<u>179,842</u>	<u>7,542</u>
Disbursements				
Current:				
Salaries	80,000	82,000	79,564	2,436
Supplies	28,936	38,936	37,015	1,921
Equipment	5,000			
Contract Services	7,500	2,000	1,525	475
Travel & Expenses	2,416	2,916	2,034	882
OPERS	18,000	18,000	17,424	576
Workers' Compensation	250	865	863	2
Medicare	1,500	1,500	926	574
Other Expenses	20,906	20,291	18,920	1,371
<i>Total Disbursements</i>	<u>164,508</u>	<u>166,508</u>	<u>158,271</u>	<u>8,237</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,508)</u>	<u>5,792</u>	<u>21,571</u>	<u>15,779</u>
<i>Fund Balance Beginning of Year</i>	212,500	212,500	212,500	
Prior Year Encumbrances Appropriated	<u>2,128</u>	<u>2,128</u>	<u>2,128</u>	
<i>Fund Balance End of Year</i>	<u>\$ 200,120</u>	<u>\$ 220,420</u>	<u>\$ 236,199</u>	<u>\$ 15,779</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 – REPORTING ENTITY

The Sandusky District Board of Health, Sandusky County, Ohio (the District), is a body politic and corporate 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 modified cash basis of accounting. This modified 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 modified 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 modified 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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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, except for fiduciary funds. The statements show those activities of the District that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange 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 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 modified 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. Nonmajor 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 nonexchange transactions as governmental funds. The District's major governmental funds are the General Fund, the Board of Health Nursing Fund and the Public Health Clinic 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. Public

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Health Clinic Fund provides generalized public health nursing services which include but are not limited to, Bureau for Children with Medical Handicaps (BCMh), communicable disease investigation, immunizations, TB testing, lead testing, newborn home visits, senior health screenings and outreach clinics as well as the flu clinic. The other governmental 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 modified cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified 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 are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, 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 ordinance 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 appropriations ordinance 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 ordinance for that 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's Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Individual fund integrity is maintained through District records. Interest in 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.

G. 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.

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 modified cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions 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

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

L. Interfund Transactions

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 – 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 – Budgetary Basis presented for the General Fund, the Board of Health Nursing Fund, and the Public Health Clinic Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$3,177 for the General Fund, \$1,693 for the Board of Health Nursing Fund, and \$610 for the Public Health Clinic Fund.

NOTE 4 – 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, 2005, was \$2,362,618. 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 deposit accounts.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. 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. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 88% of true value for taxable transmission and distribution property and 25% of true value for all other taxable property. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 23% of true value. The assessed value upon which the 2005 taxes were collected was \$1,136,723,936. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2005, was \$.50 per \$1,000 of assessed valuation.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 5 – PROPERTY TAXES – (CONTINUED)

The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

<u>Real Property</u>	
Agricultural	\$ 84,085,550
Residential	618,510,780
Commercial/Industrial/Mineral	162,722,660
Tangible Personal Property	147,555,816
 <u>Public Utility</u>	
Real	360,780
Personal	<u>47,021,560</u>
Total Assessed Value	<u>\$ 1,060,257,146</u>

NOTE 6 – INTERFUND TRANSFERS

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$35,000
Transfer from the Board of Health Nursing Fund to	
General Fund	\$25,000

Transfers represent the allocation of unrestricted receipts collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – INTERFUND RECEIVABLE / PAYABLES

During 2005, the following advances were made that had not been repaid at December 31, 2005.

Due to General Fund from:	
Other Governmental Funds	\$65,000

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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 8 – RISK MANAGEMENT

A. Risk Pool Membership

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

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

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

Members may withdraw on each anniversary of the date they joined PEP. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Government's share of these unpaid claims is approximately \$30,582. The Government is exposed to various risks of property and casualty losses, and injuries to employees.

B. Insurance Purchasing Pool

For 2005, the County Commissioners participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an 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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003, were \$160,747, \$125,066, and \$119,686, respectively. The full amount has been contributed for 2005, 2004, and 2003.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll (16.7 percent for law enforcement and public safety); 4.00 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$13,924. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE11 – 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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

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 Food Program for Women, Infants, and Children (WIC)	72-1-001-1-CL-05 72-1-001-1-CL-06	10.557	\$ 169,553 43,783
Total U. S. Department of Agriculture			213,336
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES <i>Passed Through Ohio Department of Health</i>			
Family Planning - Title X	72-1-001-1-XX-04 72-1-001-1-XX-05	93.217	2,815 64,903
			67,718
Preventive Health and Health Service Block Grant	72-1-001-2-EE-05	93.268	29,892
Drug Free Communities	1-H79-SP13487-01	93.276	8,349
Public Health Infrastructure	72-1-001-2-BI-05 72-1-001-2-BI-06	93.283	108,061 28,843
			136,904
Maternal and Child Health Services Block Grant	72-1-001-1-MC-05 72-1-001-1-MC-06	93.994	38,488 20,744
			59,232
Total U. S. Department of Health and Human Services			302,095
Total Federal Awards Expenditures			\$ 515,431

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State
Betty Montgomery**

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

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

To Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky District Board of Health, Sandusky County, (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 21, 2006, wherein, we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

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

District Board of Health
Sandusky County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated July 21, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

July 21, 2006



**Auditor of State
Betty Montgomery**

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

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

To Members of the Board:

Compliance

We have audited the compliance of the Sandusky District Board of Health, Sandusky County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with 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 expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Betty Montgomery
Auditor of State

July 21, 2006

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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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
AUGUST 17, 2006**