



Mary Taylor, CPA
Auditor of State

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Seneca County
71 S. Washington Street
Tiffin, OH 44883-2359

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Seneca County, Ohio (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 opinion.

As discussed in Note 1, 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 the District Board of Health, Seneca County, Ohio as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Construction and Demolition Debris and WIC funds 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 June 26, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the 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.

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

Mary Taylor, CPA
Auditor of State

June 26, 2008

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

The discussion and analysis of the District Board of Health, Seneca County, (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2007, within the limitations of the District's cash basis of accounting. 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 notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2007 are as follows:

- Net assets decreased \$36,746 or 7.4% from the prior year. The majority of this decrease occurred in other governmental non-major funds, which realized the greatest reduction in funding due to reduced funding from several operating grants.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the District's receipts, making up almost 77 % of all the dollars coming into the District. General receipts in the form of property taxes, donations, state subsidy and miscellaneous receipts make up the other 23%.
- The District's disbursements decreased by \$152,273 or 6 % from the prior year. The majority of this decrease occurred in the Construction and Demolition Debris fund due to the reclassification of waste based on definition and inspection.
- The Public Health Infrastructure disbursements increased by \$39,029 or 23.5% from prior year. The increase was due to increased revenue from contractual epidemiological services provided to adjacent counties as well as two supplemental adjustments in the amounts of \$5,009 and \$7,234 to fund the Pandemic Influenza Planning.

Using the Basic Financial Statements

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

Report Components

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

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

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

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

Basis of Accounting

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

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

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2007, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the District at year-end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. 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. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the District's services. These services are funded primarily by charges for services and operating grants and contributions. The District has no business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the District are governmental.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the health 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 health 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 governmental funds are the General Fund, the Construction and Demolition Debris Fund, and the WIC Grant Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The District as a Whole

Table 1 provides a summary of the District's net assets for 2007 compared to 2006 on a cash basis:

Table 1 - Net Assets		
	Governmental Activities 2007	Governmental Activities 2006
Assets		
Equity in Pooled Cash and Cash Equivalents	\$459,405	\$496,151
Total Asset	\$459,405	\$496,151
Net Assets		
Restricted for:		
Other Purposes	\$454,583	\$464,032
Unrestricted	4,822	32,119
Total Net Assets	\$459,405	\$496,151

As mentioned previously, net assets decreased \$36,746. The decrease is due primarily to a reduction in operating grants received during 2007.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

Table 2 reflects the change in net assets on a cash basis in 2007 as compared to 2006.

Table 2
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,164,297	\$1,355,295
Operating Grants and Contributions	691,880	656,364
Total Program Receipts:	<u>1,856,177</u>	<u>2,011,659</u>
General Receipts:		
Property and Taxes Levied for General District Purposes	484,181	452,625
Grants and Entitlements not Restricted to Specific Purposes	46,473	43,784
Donations	2,843	3,365
Miscellaneous	12,089	24,834
Total General Receipts	<u>545,586</u>	<u>524,608</u>
Total Receipts	<u>2,401,763</u>	<u>2,536,267</u>

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

Disbursements:		
Trailer Park	12,559	8,871
Swimming Pool	5,484	5,514
Food Service	79,216	77,086
Water System	29,178	24,017
Solid Waste	18,279	82,496
Nuisance	6,104	6,298
Radon	31,199	25,766
Sewage	29,757	11,740
Construction and Demolition Debris	361,408	516,538
WIC	288,147	260,421
Senior Services	5,065	4,637
Early Intervention	997	1,722
Dental Services	22,153	17,797
Help Me Grow	32,635	42,265
Public Health Infrastructure	166,136	127,107
Lead	104,387	102,088
Tobacco Use	195	2,671
Preventive Health	30,256	24,191
Immunizations	72,927	79,043
Wellness	79,703	99,558
Child and Family Health Services	50,090	44,672
Homemaker	76,458	71,591
Administration	<u>936,176</u>	<u>954,693</u>
Total Disbursements	<u>2,438,509</u>	<u>2,590,782</u>
Decrease in Net Assets	(36,746)	(54,515)
Net Assets January 1,	<u>496,151</u>	<u>550,666</u>
Net Assets December 31,	<u><u>\$459,405</u></u>	<u><u>\$496,151</u></u>

In 2007, 23 percent of the District's total receipts were from general receipts, consisting mainly of property taxes levied for general District purposes. Program receipts accounted for 77 percent of the District's total receipts in year 2007. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants and donations.

Administration accounted for 38 percent of the District's total disbursements for 2007. These costs represent the costs to administer all programs not supported by special revenues. Fifteen percent of the District's total disbursements were from the Construction and Demolition Debris Fund. These costs are associated with the payment of a portion of the fees collected to the Ohio EPA, Ohio Department of Natural Resources, Seneca County Commissioners, and Loudon Township. An additional 11.8 percent of the District's disbursements are from the Women Infants, and Children (WIC) fund, which accounts for the Special Supplemental Nutrition Program.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for construction and demolition debris, administration, and the WIC grant which account for 15%, 38%, and 11.8% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior year is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Trailer Park	\$12,559	\$1,609	\$8,871	\$525
Swimming Pool	5,484	39	5,514	69
Food Service	79,216	6,227	77,086	8,261
Water System	29,178	9,891	24,017	17
Solid Waste	18,279	(4,182)	82,496	70,035
Nuisance	6,104	4,804	6,298	(13,920)
Radon	31,199	371	25,766	(3,138)
Sewage	29,757	(5,400)	11,740	(129)
Construction and Demolition Debris	361,408	(17,066)	516,538	(79,002)
WIC	288,147	(3,726)	260,421	17,773
Senior Services	5,065	194	4,637	50
Early Intervention	997	997	1,722	1,722
Dental Services	22,153	(6,279)	17,797	2,451
Help Me Grow	32,635	(734)	42,265	10,047
Public Health Infrastructure	166,136	10,221	127,107	16,434
Lead	104,387	7,137	102,088	(10,938)
Tobacco Use	195	195	2,671	2,671
Preventive Health	30,256	(483)	24,191	476
Immunizations	72,927	(11,156)	79,043	8,173
Wellness	79,703	2,575	99,558	(4,299)
Child and Family Health Services	50,090	4,306	44,672	(2,887)
Homemaker	76,458	4,744	71,591	3,936
Administration	936,176	578,048	954,693	550,796
Total Expenses	\$2,438,509	\$582,332	\$2,590,782	\$579,123

The District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 23 percent of the District costs are supported through property taxes and other general receipts.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

The District's Funds

Total governmental funds had receipts and other financing sources of \$2,862,270 and disbursements and other financing uses of \$2,899,016. The greatest change within governmental funds occurred within the Other Governmental Funds. The fund balance of the Other Governmental Funds decreased by \$35,490 due to the reduction in funding from several grant sources.

Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During the course of 2007, the District amended its budget as needed.

- General Fund - final budgeted revenues, excluding other financial sources, were \$44,896 more than the original budget. Actual revenue collections, excluding other financing sources, were just \$1,411 more than final budget estimates. The availability of increased revenue allowed appropriations for expenditures to be increased by \$75,801. Actual expenditures, excluding other financing uses were \$8,056 less than final budget estimates.
- Construction and Demolition Debris Fund – final budget revenues were \$186,039 less than the original budget. Actual revenue collections were \$19,477 less than final budget estimates. The difference between the final budgeted appropriations and actual expenditures was a \$35,964 decrease in expenditures. The District issued a proposed denial of the landfill license and scrutinized the classification of waste which decreased funding received from the landfill. Expenditures are for the most part driven by the landfill receipts, therefore also decreased due to the reclassification.
- WIC Grant Fund - final budget revenues were \$104,197 more than the original budget. The increase was due to the addition of the FY 2008 grant which began in October 2007 and an increase in the WIC lead testing funds. Actual revenue collections were \$20,723 less than final budget estimates. The difference between the final budgeted appropriations and actual expenditures was a \$14,329 decrease in expenditures. The grant payment expected in December was received in January 2008, thus revenue and expenditures were affected.

Capital Assets

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

Current Issues

A major challenge for the District is to provide quality services to the public while complying with the restrictions imposed by limited, and in some cases shrinking funding. 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 that costs to administer and carry out programs are covered.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the District's finances and to reflect the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marjorie Broadhead, Health Commissioner, 71 South Washington Street, Tiffin, OH 44883-2359.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**Statement of Net Assets - Cash Basis
December 31, 2007**

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$459,405
Total Assets	<u>\$459,405</u>
<u>Net Assets</u>	
Restricted for:	
Other Purposes	454,583
Unrestricted	<u>4,822</u>
Total Net Assets	<u>\$459,405</u>

See accompanying notes to the basic financial statements.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2007**

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental Activities			<u>Governmental Activities</u>
Environmental Health			
Trailer Park	\$12,559	\$10,950	(\$1,609)
Swimming Pool	5,484	5,445	(39)
Food Service	79,216	72,989	(6,227)
Water System	29,178	19,287	(9,891)
Solid Waste	18,279	10,100	4,182
Nuisance	6,104	1,300	(4,804)
Radon	31,199		30,828
Sewage	29,757	35,157	5,400
Construction and Demo Debris	361,408	378,474	17,066
Community Health Services			
WIC	288,147		291,873
Senior Services	5,065	4,871	(194)
Early Intervention	997		(997)
Dental Services	22,153	28,432	6,279
Help Me Grow	32,635	33,369	734
Public Health Infrastructure	166,136	26,970	128,945
Lead	104,387		97,250
Tobacco Use	195		(195)
Preventive Health	30,256		30,739
Immunizations	72,927	56,983	27,100
Wellness	79,703	77,128	(2,575)
Child and Family Health Services	50,090		45,784
Homemaker	76,458	44,714	27,000
Administration	936,176	358,128	(578,048)
Total Governmental Activities	<u>\$2,438,509</u>	<u>\$1,164,297</u>	<u>\$691,880</u>
General Receipts			
Property Taxes and Other Local Taxes			
Levied for General Health District Purposes			484,181
Grants and Entitlements not Restricted to Specific Purposes			46,473
Donations			2,843
Miscellaneous			12,089
Total General Receipts			<u>545,586</u>
Change in Net Assets			(36,746)
Net Assets Beginning of Year			496,151
Net Assets End of Year			<u>\$459,405</u>

See accompanying notes to the basic financial statements.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007**

	<u>General</u>	<u>Construction and Demolition Debris</u>	<u>WIC Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,822	\$313,375	\$14,219	\$126,989	\$459,405
Total Assets	<u>4,822</u>	<u>313,375</u>	<u>14,219</u>	<u>126,989</u>	<u>459,405</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$25,569	\$283,299	\$424	\$13,960	\$323,252
Unreserved, Undesignated, Reported in:					
General Fund	(20,747)				(20,747)
Special Revenue Funds		30,076	13,795	113,029	156,900
Total Fund Balances	<u>\$4,822</u>	<u>\$313,375</u>	<u>\$14,219</u>	<u>\$126,989</u>	<u>\$459,405</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	General	Construction and Demolition Debris	WIC Grant	Other Governmental Funds	Total
Receipts					
Property and Other Local Taxes	\$484,181				\$484,181
Licenses and Permits	21,370			\$127,194	148,564
Fees	242,092	\$378,474		77,489	698,055
Contractual Services	94,666			223,012	317,678
Intergovernmental	46,473		\$291,873	400,007	738,353
Donations	25			2,818	2,843
Miscellaneous	10,165	10	239	1,675	12,089
Total Receipts	898,972	378,484	292,112	832,195	2,401,763
Disbursements					
Current:					
Environmental Health					
Trailer Park				12,559	12,559
Swimming Pool				5,484	5,484
Food Service				79,216	79,216
Water System				29,178	29,178
Solid Waste				18,279	18,279
Nuisance				6,104	6,104
Radon				31,199	31,199
Sewage				29,757	29,757
Construction and Demolition Debris		361,408			361,408
Community Health Services					
WIC			288,147		288,147
Senior Services				5,065	5,065
Early Intervention				997	997
Dental Services				22,153	22,153
Help Me Grow				32,635	32,635
Public Health Infrastructure				166,136	166,136
Lead				104,387	104,387
Tobacco Use				195	195
Preventive Health				30,256	30,256
Immunizations				72,927	72,927
Wellness				79,703	79,703
Child and Family Health Services				50,090	50,090
Homemaker				76,458	76,458
Administration	936,176				936,176
Total Disbursements	936,176	361,408	288,147	852,778	2,438,509
Excess of Receipts Over (Under) Disbursements	(37,204)	17,076	3,965	(20,583)	(36,746)
Other Financing Sources (Uses)					
Advances In	235,200		106,200	116,700	458,100
Advances Out	(222,900)		(101,200)	(134,000)	(458,100)
Transfers-In	7			2,400	2,407
Transfers-Out	(2,400)			(7)	(2,407)
Total Other Financing Sources (Uses)	9,907		5,000	(14,907)	
Net Change in Fund Balance	(27,297)	17,076	8,965	(35,490)	(36,746)
Fund Balances Beginning of Year	32,119	296,299	5,254	162,479	496,151
Fund Balances End of Year	<u>\$4,822</u>	<u>\$313,375</u>	<u>\$14,219</u>	<u>\$126,989</u>	<u>\$459,405</u>

See accompanying notes to the basic financial statements.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis -General Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Receipts				
Property and Other Local Taxes	\$477,380	\$483,569	\$484,181	\$612
Licenses and Permits	18,810	23,425	21,370	(2,055)
Fees	235,000	243,044	242,092	(952)
Contracted Services	93,225	93,225	94,666	1,441
Intergovernmental	19,000	46,473	46,473	
Donations			25	25
Miscellaneous	9,250	7,825	10,165	2,340
Total Receipts	<u>852,665</u>	<u>897,561</u>	<u>898,972</u>	<u>1,411</u>
Disbursements				
Current:				
Administration	894,000	969,801	961,745	8,056
Total Disbursements	<u>894,000</u>	<u>969,801</u>	<u>961,745</u>	<u>8,056</u>
Excess of Disbursements Over Receipts	<u>(41,335)</u>	<u>(72,240)</u>	<u>(62,773)</u>	<u>9,467</u>
Other Financing Sources (Uses)				
Transfers-In			7	7
Transfers-Out		(2,400)	(2,400)	
Advances-In			235,200	235,200
Advances-Out			(222,900)	(222,900)
Total Other Financing Sources (Uses)		<u>(2,400)</u>	<u>9,907</u>	<u>12,307</u>
Net Change in Fund Balance	(41,335)	(74,640)	(52,866)	21,774
Fund Balance Beginning of Year	12,398	12,398	12,398	
Prior Year Encumbrances Appropriated	19,721	19,721	19,721	
Fund Balance End of Year	<u>(\$9,216)</u>	<u>(\$42,521)</u>	<u>(\$20,747)</u>	<u>\$21,774</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis -Construction and Demolition Debris Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Fees	\$584,000	\$397,951	\$378,474	(\$19,477)
Miscellaneous		10	10	
Total Receipts	<u>584,000</u>	<u>397,961</u>	<u>378,484</u>	<u>(19,477)</u>
Disbursements				
Current:				
Environmental Health				
Construction and Demolition Debris	<u>538,825</u>	<u>680,671</u>	<u>644,707</u>	<u>35,964</u>
Excess of Receipts Over (Under) Disbursements	<u>45,175</u>	<u>(282,710)</u>	<u>(266,223)</u>	<u>16,487</u>
Fund Balance Beginning of Year	89,598	89,598	89,598	
Prior Year Encumbrances Appropriated	<u>206,701</u>	<u>206,701</u>	<u>206,701</u>	
Fund Balance End of Year	<u><u>\$341,474</u></u>	<u><u>\$13,589</u></u>	<u><u>\$30,076</u></u>	<u><u>\$16,487</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - WIC Grant Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$208,638	\$312,596	\$291,873	(\$20,723)
Miscellaneous		239	239	
Total Receipts	<u>208,638</u>	<u>312,835</u>	<u>292,112</u>	<u>(20,723)</u>
Disbursements				
Current:				
WIC	<u>194,496</u>	<u>302,900</u>	<u>288,571</u>	<u>14,329</u>
Excess of Receipts Over Disbursements	<u>14,142</u>	<u>9,935</u>	<u>3,541</u>	<u>(6,394)</u>
Other Financing Sources (Uses)				
Advances In			106,200	106,200
Advances Out			<u>(101,200)</u>	<u>(101,200)</u>
Total Other Financing Sources (Uses)			<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balance	14,142	9,935	8,541	(1,394)
Fund Balance Beginning of Year	1,836	1,836	1,836	
Prior Year Encumbrances Appropriated	<u>3,418</u>	<u>3,418</u>	<u>3,418</u>	
Fund Balance End of Year	<u><u>\$19,396</u></u>	<u><u>\$15,189</u></u>	<u><u>\$13,795</u></u>	<u><u>(\$1,394)</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

NOTE 1 – REPORTING ENTITY

The Seneca District Board of Health, Seneca 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. A ten-member Board with two members appointed by the City of Tiffin, two members appointed by the City of Fostoria, five members appointed by the District Advisory Council, and one member appointed by the District Licensing Advisory Council govern by the District.

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

The Seneca County Auditor acts as fiscal agent for the District and the Seneca 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; or the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. 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.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

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

Government-Wide Financial Statements

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 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 and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program. Receipts, which are not classified as program receipts are presented as general receipts of the District, with certain, limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

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

B. Fund Accounting

The District uses funds 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

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

- 1. General Fund** - The General Fund accounts 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.

- 2. Construction and Demolition Debris Fund** - The Construction and Demolition Debris special revenue fund receives revenue from the landfill at a rate of \$1.60 per ton collected by the landfill. The District retains \$.40 per ton collected and the remaining revenue is disbursed to the Environmental Protection Agency, Department of Natural Resources, Loudon Township, and the Seneca County Commissioners.

- 3. WIC Grant Fund** – The WIC Grant Fund receives revenue from the Ohio Department of Health to provide services to improve the health and nutrition status and prevent health problems among at-risk women, infants and children.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

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

The other governmental funds of the District account for grants and other resources whose use is restricted for 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 disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) 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 existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at the fund and 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 in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

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

E. Cash and Investments

In accordance with the Ohio Revised Code, the District's cash is held and invested by the Seneca County Treasurer, who acts as custodian for the District's 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.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. 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.

H. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. 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 primarily include 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 resources are available.

J. 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.

K. Interfund Transactions

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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Construction and Demolition Debris Fund, and the WIC Grant Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$25,569 for the General Fund, \$283,299 for the Construction and Demolition Debris Fund, and \$424 for the WIC Grant Fund.

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent 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 real and tangible personal property taxes collected for 2007 were levied after October 1, 2006, on the assessed values determined as of December 31, 2006, the lien date. These taxes will be collected in and are intended to finance 2008 operations. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described earlier.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30 with the remainder payable by September 20.

The full tax rate for all District operations for the year ended December 31, 2007, was \$1.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property.....	\$813,855,830	91.25%
Public Utility Personal Property.....	50,869,230	5.70%
Tangible Personal Property.....	<u>27,168,213</u>	<u>3.05%</u>
Total Assessed Value.....	\$891,893,273	100.00%

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

NOTE 5 - INTERFUND TRANSFERS

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$2,400
Transfers from Other Governmental Funds to:	
General Fund	\$ 7

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

NOTE 6 – RISK MANAGEMENT

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. 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

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under this program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006 or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

NOTE 6 – RISK MANAGEMENT – (CONTINUED)

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

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

At December 31, 2007 and 2006, respectively, the liabilities noted above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$19,000. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2005	\$8,903
2006	\$9,658
2007	\$9,732

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

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN

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

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

For the year ended December 31, 2007, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 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. The District's contribution rate for pension benefits for 2007 was 13.85 percent. 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, 2007, 2006, and 2005, were \$174,842, \$165,299, and \$157,222, respectively. The full amount has been contributed for 2007, 2006, and 2005.

NOTE 8 - POSTEMPLOYMENT BENEFITS

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 2007 employer contribution rate was 13.7 percent of covered payroll, local government employer contributed 13.85 percent of covered payroll; 5 percent was the portion used to fund health care from January 1 through June 30, 2007, and 6 percent from July 1, 2007, through December 31, 2007.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 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 costs were assumed to increase between .50 and 5.00 percent annually for the next 8 years. In subsequent years (9 and beyond) were assumed to increase at 4 percent.

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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 362,130. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

NOTE 9 – CONTINGENCIES – GRANTS

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Disbursements
Program Title			
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	74-1-001-1WA0108 74-1-001-1-CL-07	10.557	\$ 63,494 222,562
Total U.S. Department of Agriculture			<u>286,056</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to States (CFHS)	74-1-001-1-MC0108 74-1-001-1-MC-07	93.994	19,425 10,917
Maternal and Child Health Services Block Grant to States (Lead Resources)	74-1-001-1-LE0108 74-1-001-2-BE-07	93.994	21,875 81,323
Total Block Grant to States			<u>133,540</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	74-1-001-2-P-0108 74-1-001-2-BI-07	93.283	31,540 101,526
Total Centers for Disease Control and Prevention			<u>133,066</u>
Immunization Grants	74-1-001-2-AZ-07 74-1-001-2-AZ-06	93.268	23,559 4,201
Total Immunization Grants			<u>27,760</u>
Preventive Health and Health Services Block Grant	74-1-001-2-EE-07 74-1-001-2-EE-06	93.991	25,011 1,530
Total Preventive Health and Health Services Grant			<u>26,541</u>
Total U.S. Department of Health and Human Services			<u>320,907</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through Ohio Department of Health</i>			
State Indoor Radon Grants	74-1-001-2-IR0108 74-1-001-2-BA-07	66.032	4,592 24,393
Total State Indoor Radon Grants			<u>28,985</u>
Total U.S. Department of Environmental Protection Agency			<u>28,985</u>
Total			<u><u>\$ 635,948</u></u>

The accompanying notes are an integral part of this schedule.

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

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.



Mary Taylor, CPA

Auditor of State

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

District Board of Health
Seneca County
71 S. Washington Street
Tiffin, OH 44883-2359

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Seneca County (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 26, 2008, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider item 2007-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

We did note a certain noncompliance matter that we reported to the District's management in a separate letter dated June 26, 2008.

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

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



Mary Taylor, CPA
Auditor of State

June 26, 2008



Mary Taylor, CPA

Auditor of State

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

District Board of Health
Seneca County
71 S. Washington Street
Tiffin, OH 44883-2359

To the Members of the Board:

Compliance

We have audited the compliance of the District Board of Health, Seneca County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District Board of Health complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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



Mary Taylor, CPA
Auditor of State

June 26, 2008

**DISTRICT BOARD OF HEALTH
SENECA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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(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 significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control 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 Nutrition Program for Women, Infants, and Children – 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**

FINDING NUMBER 2007-001

Significant Deficiency

Financial Reporting

As a result of the audit procedures performed, errors were noted in the financial statements that required material audit adjustments. Revenue from contract services was misclassified as intergovernmental revenue in the amount of \$63,383.

Sound financial reporting is the responsibility of the Fiscal Director and the District's Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Director and Board, to identify and correct errors and omissions.

Officials Response

The District recognizes the importance of providing complete and accurate information in the financial statements. The Fiscal Director and the District's Board will ensure the revenues are classified correctly in the future.

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

SENECA 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 15, 2008**