



Dave Yost • Auditor of State



**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH  
SANDUSKY COUNTY  
DECEMBER 31, 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky County District Board of Health, Sandusky County, Ohio (the District), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky County District Board of Health, Sandusky County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General, Public Health Clinic, WIC, Community Health Assessment, and Help Me Grow funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Other Matters**

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 8, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED**

The discussion and analysis of the Sandusky County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2016. 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 2016 are as follows:

1. The Public Health Clinic funds continue to reflect increases due to the growth of the immunization fund and additional contracts with private insurance providers.
2. During the grant year, the District experienced grant fund allocation reductions in the following funds: Children and Family Health Services, Public Health Emergency Response, and Immunization Action Plan funds.
3. The Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties continued to offer the health department funding from the mental health levy for Capacity Services (providing staff support and educational training for coalition members); however, Prevention Strategies (providing materials and financial programming support) were discontinued as of June 30, 2016.
4. The Wyandot, Sandusky, Ottawa, and Seneca County WSOS Community Action Commission continues to provide application, approval and actual replacement contracting services with the District for the Ohio Water Pollution Control Fund, additional funding of \$250,000 has been awarded for continuation of replacing out of date or nonexistent household septic systems through October 2018.
5. Ohio Department of Health awarded the health department a new program beginning January 2016, Moms Quit For Two. The original award for a six month period was \$37,261, and a twelve month continuation award was given effective July 1, 2016 in the amount of \$65,218. The program is to encourage smoking cessation in pregnant and post pregnant mothers.

**Using the Basic Financial Statements**

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 Position 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 five major governmental funds. The General Fund is the largest major fund.

**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 accounting principles generally accepted in the United States of America (GAAP). Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(Continued)**

As a result of the use of this cash basis of accounting, certain assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these financial statements.

**Reporting the District as a Whole**

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2016?" within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental type activities at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs goods or services and grants restricted to meeting the operational requirements of a particular program. General revenues are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These two statements report the District's cash position and changes in cash position. This change in net position 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 causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the Statement of Net Position and the Statement of Activities, the District is one type of activity.

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

**Reporting the District's Most Significant Funds**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have 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 many 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 governmental funds are the General Fund, Public Health Clinic Fund, WIC Fund, Community Health Assessment Fund and the Help Me Grow 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 governmental-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.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(Continued)**

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 statement of assets and fund balances and in the governmental statement of receipts, disbursements, 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.

**Government-Wide Financial Analysis**

The table below provides a summary of the District's net position for 2016 and 2015:

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 958,794	\$ 980,484
<b>Net Position</b>		
Restricted for:		
Environmental Health	\$ 595,762	\$ 553,255
Unrestricted	363,032	427,229
Total Net Position	\$ 958,794	\$ 980,484

Over time, net position can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2016 and 2015 despite the decline in the economy.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(Continued)**

	<b>Change in Net Position</b>	
	<b>Governmental Activities</b>	
	<u>2016</u>	<u>2015</u>
Receipts:		
Program Receipts:		
Charges for Services	\$ 1,323,789	\$ 895,095
Operating Grants and Contributions	863,367	1,058,198
Total Program Receipts	<u>2,187,156</u>	<u>1,953,293</u>
General Receipts:		
Property Taxes Levied for General Purposes	487,149	487,521
Grants and Entitlements not Restricted to Specific Programs	167,015	175,933
Miscellaneous	2,784	17,186
Total General Receipts	<u>656,948</u>	<u>680,640</u>
Total Receipts	<u>2,844,104</u>	<u>2,633,933</u>
Disbursements:		
Health	<u>2,865,794</u>	<u>2,740,410</u>
Change in Net Position	(21,690)	(106,477)
Net Position, January 1	980,484	1,086,961
Net Position, December 31	<u>\$ 958,794</u>	<u>\$ 980,484</u>

**Governmental Activities**

Net position of the District's governmental activities decreased \$21,690. Total governmental expenditures of \$2,865,794 were offset by program revenues of \$2,187,156 and general revenue of \$656,948. Program revenues supported 77% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from charges for services receipts. These revenue sources represent 47% of total governmental revenue.

Health services expenses totaled \$2,865,794 or 100% of total government expenses for 2016.

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

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>
Program expenses:				
Health	<u>\$ 2,865,794</u>	<u>\$ 678,638</u>	<u>\$ 2,740,410</u>	<u>\$ 787,117</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(Continued)**

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$958,794 which is \$21,690 less than last years' total of \$980,484. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2016 and 2015.

	2016	2015	Increase/ (Decrease)	Percentage Change
General	\$141,739	\$195,181	\$(53,442)	(27.4)%
Public Health Clinic	87,169	99,831	(12,662)	(12.7)%
WIC	24,544	14,430	10,114	70.1%
Community Health Assessment	134,124	130,216	3,908	3.0%
Help Me Grow	115,959	90,649	25,310	27.9%
Other Governmental	455,259	450,177	5,082	1.1%
Total Fund Balance	<u>\$958,794</u>	<u>\$980,484</u>	<u>(\$21,690)</u>	<u>(2.2)%</u>

The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$53,442 for 2016.

**Budget Highlights**

The District's budget is prepared in accordance to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2016, the District amended its special revenue funds several times to reflect changing circumstances.

For the General Fund, final receipts and other financing sources were budgeted at \$837,296 while actual receipts and other financing sources were \$843,782. The District received more revenues than were expected in the Charges for Services and Intergovernmental line items

For the General Fund, final disbursements and other financing uses were budgeted at \$987,300 while actual disbursements and other financing uses were \$912,473. The District expended less money than they had originally anticipated.

**Capital Assets**

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

**Current Issues**

The challenge for the District is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, 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 to administer and carry out programs are covered.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(Continued)**

**Contacting the District's Financial Management**

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the district's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Bethany Brown, Health Commissioner, 2000 Countryside Drive, Fremont, OH 43420-8560.

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

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

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 958,794
<b>Net Position:</b>	
Restricted for:	
Environmental health	\$ 595,762
Unrestricted	363,032
<b>Total Net Position</b>	<b>\$ 958,794</b>

*See accompanying notes to the basic financial statements*

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

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

		<b>Program Cash Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Position</b>
<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental Activities:</b>				
Health	\$ 2,865,794	\$ 1,323,789	\$ 863,367	\$ (678,638)
<b>General Receipts:</b>				
Property Taxes Levied and Other Local Taxes				
Levied for General Health District Purposes				487,149
Grants and Entitlements not Restricted to Specific Programs				167,015
Miscellaneous				2,784
Total General Receipts				656,948
Change in Net Position				(21,690)
Net Position Beginning of Year				980,484
<b>Net Position End of Year</b>				<b>\$ 958,794</b>

*See accompanying notes to the basic financial statements*

SANDUSKY COUNTY DISTRICT BOARD OF HEALTH  
SANDUSKY COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	General	Public Health Clinic	WIC	Community Health Assessment	Help Me Grow	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 141,739	\$ 87,169	\$ 24,544	\$ 134,124	\$ 115,959	\$ 455,259	\$ 958,794
<b>Fund Balances:</b>							
Restricted:							
Nursing						\$ 30,644	\$ 30,644
Trailer Park						56,361	56,361
Food Service						11,780	11,780
Water Systems						8,854	8,854
Swimming Pool						21,334	21,334
Family Planning						41,665	41,665
CFHS						13,835	13,835
WIC			\$ 24,544				24,544
Wellness						18,245	18,245
Public Health Emergency Preparedness						11,980	11,980
SPF-SIG						275	275
Prevention Partnership						1,762	1,762
Drug Free Communities						6,615	6,615
Sewage Treatment Service						49,270	49,270
Smoke Free Workplace						3,538	3,538
Help Me Grow					\$ 115,959		115,959
Environmental and Public Health						49,218	49,218
Tobacco Use Prevention & Cessation						5,955	5,955
Immunization Action Plan						15,773	15,773
Solid Waste						65,346	65,346
Creating Healthy Communities						4,783	4,783
MHL Capacity Service						5,525	5,525
MHL Prevention Strategies						564	564
Moms Quit For Two						12,828	12,828
Ohio Water Pollution Control Loan						19,109	19,109
Committed:							
Public Health Clinic		\$ 87,169					87,169
Community Health Assessment				\$ 134,124			134,124
Assigned:							
Homemakers	\$ 517						517
Encumbrances	15,249						15,249
Subsequent Year Appropriations	109,650						109,650
Unassigned							
	16,323						16,323
<b>Total Fund Balances</b>	<b>\$ 141,739</b>	<b>\$ 87,169</b>	<b>\$ 24,544</b>	<b>\$ 134,124</b>	<b>\$ 115,959</b>	<b>\$ 455,259</b>	<b>\$ 958,794</b>

See accompanying notes to the basic financial statements

SANDUSKY COUNTY DISTRICT BOARD OF HEALTH  
SANDUSKY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Public Health Clinic	WIC	Community Health Assessment	Help Me Grow	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>							
Property Taxes	\$ 487,149						\$ 487,149
Charges for Services	138,936	\$ 443,662		\$ 55,500	\$ 176,548	\$ 509,143	1,323,789
Intergovernmental	167,015	90,405	\$ 270,434			502,528	1,030,382
Miscellaneous	682	1,956	96			50	2,784
<b>Total Receipts</b>	<b>793,782</b>	<b>536,023</b>	<b>270,530</b>	<b>55,500</b>	<b>176,548</b>	<b>1,011,721</b>	<b>2,844,104</b>
<b>Disbursements:</b>							
Current:							
Health	755,124	548,685	306,416	61,592	151,238	1,042,739	2,865,794
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>38,658</b>	<b>(12,662)</b>	<b>(35,886)</b>	<b>(6,092)</b>	<b>25,310</b>	<b>(31,018)</b>	<b>(21,690)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers In				10,000			10,000
Transfers Out	(10,000)						(10,000)
Advances In	50,000	20,000	46,000			66,100	182,100
Advances Out	(132,100)	(20,000)				(30,000)	(182,100)
<b>Total Other Financing Sources (Uses)</b>	<b>(92,100)</b>		<b>46,000</b>	<b>10,000</b>		<b>36,100</b>	
<b>Net Change in Fund Balances</b>	<b>(53,442)</b>	<b>(12,662)</b>	<b>10,114</b>	<b>3,908</b>	<b>25,310</b>	<b>5,082</b>	<b>(21,690)</b>
Fund Balances Beginning of Year	195,181	99,831	14,430	130,216	90,649	450,177	980,484
<b>Fund Balances End of Year</b>	<b>\$ 141,739</b>	<b>\$ 87,169</b>	<b>\$ 24,544</b>	<b>\$ 134,124</b>	<b>\$ 115,959</b>	<b>\$ 455,259</b>	<b>\$ 958,794</b>

See accompanying notes to the basic financial statements



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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$ 501,000	\$ 501,000	\$ 487,149	\$ (13,851)
Charges for Services	111,256	121,256	138,936	17,680
Intergovernmental	139,700	155,840	167,015	11,175
Miscellaneous	900	9,200	682	(8,518)
<b>Total Receipts</b>	<u>752,856</u>	<u>787,296</u>	<u>793,782</u>	<u>6,486</u>
<b>Disbursements:</b>				
Current:				
Health	812,300	812,300	770,373	41,927
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>(59,444)</u>	<u>(25,004)</u>	<u>23,409</u>	<u>48,413</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(5,000)	(5,000)	(10,000)	(5,000)
Advances In	31,500	50,000	50,000	
Advances Out	(170,000)	(170,000)	(132,100)	37,900
<b>Total Other Financing Sources (Uses)</b>	<u>(143,500)</u>	<u>(125,000)</u>	<u>(92,100)</u>	<u>32,900</u>
<b>Net Change in Fund Balance</b>	<u>(202,944)</u>	<u>(150,004)</u>	<u>(68,691)</u>	<u>81,313</u>
Fund Balance Beginning of Year	188,609	188,609	188,609	
Prior Year Encumbrances Appropriated	6,055	6,055	6,055	
<b>Fund Balance End of Year</b>	<u>\$ (8,280)</u>	<u>\$ 44,660</u>	<u>\$ 125,973</u>	<u>\$ 81,313</u>

*See accompanying notes to the basic financial statements*

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Charges for Services	\$ 535,500	\$ 535,500	\$ 443,662	\$ (91,838)
Intergovernmental		16,000	90,405	74,405
Miscellaneous			1,956	1,956
<b>Total Receipts</b>	<u>535,500</u>	<u>551,500</u>	<u>536,023</u>	<u>(15,477)</u>
<b>Disbursements:</b>				
Current:				
Health	<u>535,650</u>	<u>602,570</u>	<u>559,398</u>	<u>43,172</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>(150)</u>	<u>(51,070)</u>	<u>(23,375)</u>	<u>27,695</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			20,000	20,000
Advances Out	<u>(60,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	
<b>Total Other Financing Sources (Uses)</b>	<u>(60,000)</u>	<u>(20,000)</u>		<u>20,000</u>
<b>Net Change in Fund Balance</b>	<u>(60,150)</u>	<u>(71,070)</u>	<u>(23,375)</u>	<u>47,695</u>
<b>Fund Balance Beginning of Year</b>	97,158	97,158	97,158	
<b>Prior Year Encumbrances Appropriated</b>	<u>2,673</u>	<u>2,673</u>	<u>2,673</u>	
<b>Fund Balance End of Year</b>	<u>\$ 39,681</u>	<u>\$ 28,761</u>	<u>\$ 76,456</u>	<u>\$ 47,695</u>

*See accompanying notes to the basic financial statements*

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Intergovernmental	\$ 331,501	\$ 316,500	\$ 270,434	\$ (46,066)
Miscellaneous			96	96
Total Receipts	<u>331,501</u>	<u>316,500</u>	<u>270,530</u>	<u>(45,970)</u>
<b>Disbursements:</b>				
Current:				
Health	<u>332,410</u>	<u>330,871</u>	<u>306,972</u>	<u>23,899</u>
Excess of Disbursements Over Receipts	<u>(909)</u>	<u>(14,371)</u>	<u>(36,442)</u>	<u>(22,071)</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			46,000	46,000
Advances Out	<u>(25,000)</u>			
Total Other Financing Sources (Uses)	<u>(25,000)</u>		<u>46,000</u>	<u>46,000</u>
Net Change in Fund Balance	(25,909)	(14,371)	9,558	23,929
Fund Balance Beginning of Year	<u>14,430</u>	<u>14,430</u>	<u>14,430</u>	
<b>Fund Balance End of Year</b>	<u>\$ (11,479)</u>	<u>\$ 59</u>	<u>\$ 23,988</u>	<u>\$ 23,929</u>

*See accompanying notes to the basic financial statements*

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Charges for Services	\$ 50,000	\$ 55,500	\$ 55,500	
<b>Disbursements:</b>				
Current:				
Health	106,075	106,075	62,592	\$ 43,483
Excess of Receipts Over (Under) Disbursements	(56,075)	(50,575)	(7,092)	43,483
<b>Other Financing Sources:</b>				
Transfers In		10,000	10,000	
Net Change in Fund Balance	(56,075)	(40,575)	2,908	43,483
Fund Balance Beginning of Year	127,639	127,639	127,639	
Prior Year Encumbrances Appropriated	2,577	2,577	2,577	
<b>Fund Balance End of Year</b>	<u>\$ 74,141</u>	<u>\$ 89,641</u>	<u>\$ 133,124</u>	<u>\$ 43,483</u>

*See accompanying notes to the basic financial statements*

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Charges for Services	\$ 144,925	\$ 176,300	\$ 176,548	\$ 248
<b>Disbursements:</b>				
Current:				
Health	182,250	182,250	152,113	30,137
Excess of Receipts Over (Under) Disbursements	(37,325)	(5,950)	24,435	30,385
<b>Other Financing Uses:</b>				
Advances Out	(5,000)	(5,000)		5,000
Net Change in Fund Balance	(42,325)	(10,950)	24,435	35,385
Fund Balance Beginning of Year	90,649	90,649	90,649	
<b>Fund Balance End of Year</b>	<u>\$ 48,324</u>	<u>\$ 79,699</u>	<u>\$ 115,084</u>	<u>\$ 35,385</u>

*See accompanying notes to the basic financial statements*

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 – REPORTING ENTITY**

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

A. Primary Government

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

C. Risk Pools

The District participates in two public entity risk pools. These organizations are presented in Note 9 to the financial statements.

**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. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of the government-wide financial statements, including a

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

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

statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), charges for services, and other non-exchange transactions as governmental funds. The District's major governmental funds are the General Fund, Public Health Clinic Fund, WIC Fund, Community Health Assessment Fund, and the Help Me Grow 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. The Public Health Clinic special revenue fund accounts for charges for services and intergovernmental revenues used to provide immunization clinics to citizens. The WIC special revenue fund accounts for grants for the WIC program. The Community Health Assessment special revenue fund accounts for charges for services to support the Health Partners via contract for and complete health assessments to Sandusky County population. The Help Me Grow special revenue fund accounts for charges for services to address the need for home-visiting services for young children and their families. The other government funds of the District account for grants and other resources whose use is restricted to a particular purpose.

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

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

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 receivables and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for exist or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations resolution is the District's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the object level for all funds.

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

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

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

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



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

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

**E. Cash and Investments**

In accordance with Ohio Revised Code, the District's cash is held and invested by the Sandusky County Treasurer, who acts as custodian for District monies. The District's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount. Individual fund integrity is maintained through District records. Interest 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. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. 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.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 10 and 11, the employer contribution include portions for pension benefits and for postretirement health care benefits.

**L. Net Position**

Net position is 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 position restricted for environmental health includes 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 position is available.

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

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

M. Fund Balance

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

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

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

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

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

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

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

N. Interfund Transactions

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

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

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the

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

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

cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison schedule presented for the General Fund and the major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary) rather than assigned, committed or restricted fund balance (cash) and certain funds included in the General Fund as part of the GASB 54 requirements are not included in the budgetary statement.

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

	<b>Fund Balances</b>				
	General	Public Health Clinic	WIC	Community Health Assessment	Help Me Grow
Cash basis	\$ 141,739	\$ 87,169	\$ 24,544	\$ 134,124	\$ 115,959
Adjustment for GASB 54	(517)				
Adjustment for encumbrances	(15,249)	(10,713)	(556)	(1,000)	(875)
Budgetary Basis	<u>\$ 125,973</u>	<u>\$ 76,456</u>	<u>\$ 23,988</u>	<u>\$ 133,124</u>	<u>\$ 115,084</u>

**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, 2016, was \$958,794. The Sandusky County Treasurer, as fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposited accounts.

**NOTE 5 – TAXES**

***Property Taxes***

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property tax receipts received in 2016 represent the collection of 2015 taxes. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The assessed value upon which 2016 taxes were collected was \$1,190,573,840. The full rate for all County operations applied to real property for fiscal year ended December 31, 2016, was \$.50 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

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

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

<u>Real Property</u>		
Agricultural/Residential	\$	927,355,830
Commercial/Industrial/Mineral		183,943,510
 <u>Public Utility</u>		
Real		789,990
Personal		78,484,510
	<u>\$</u>	<u>1,190,573,840</u>

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

***Tax Abatements***

For 2016, Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures" was effective. This GASB pronouncement had no effect on beginning net position as reported December 31, 2015.

For purposes of GASB Statement No 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. (GASB 77, paragraph 4) See paragraphs 7 and 8 of GASB 77 for specific information related to disclosures of tax abatements.

The District has the following tax abatements from other governments reducing the District's real estate tax revenues during 2016: City of Fremont has real estate tax abatements affecting the District in the amount of \$2,642; Sandusky County and City of Clyde have real estate tax abatements affecting the District in the amount of \$5,266; and Sandusky County and Village of Gibsonburg have real estate tax abatements affecting the District in the amount of \$197; for a total of \$8,105 of taxes abated during 2016.

**NOTE 6 – INTERGOVERNMENTAL FUNDING**

The County apportions the excess of the District's appropriations over other estimated receipts for the subdivision composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**NOTE 7 – INTERFUND TRANSFERS**

During 2016, the following transfers were made:

Transfers from the General Fund to:	
Community Health Assessment Fund	\$10,000

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

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

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

**NOTE 8 – INTERFUND RECEIVABLES/PAYABLES**

During 2016, the following advances were made:

Advances from the General Fund to:	
Public Health Clinic Fund	\$ 20,000
WIC Fund	46,000
Other Governmental Funds	66,100
Total	<u>\$ 132,100</u>

Advances to the General Fund from:	
Public Health Clinic Fund	\$ 20,000
Other Governmental Funds	30,000
Total	<u>\$ 50,000</u>

The following advances were made and had not been repaid at December 31, 2016:

Due to the General Fund from:	
Public Health Clinic Fund	\$ 20,000
WIC Fund	46,000
Other Governmental Funds	56,100
Total	<u>\$ 122,100</u>

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

**NOTE 9 – RISK MANAGEMENT**

**A. Risk Pool Membership**

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

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

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

Financial Position

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

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

At December 31, 2016, the liabilities above include approximately \$12 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the District's share of these unpaid claims collectible in future years is approximately \$12,000. Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2016 Contributions to PEP</u></b>
<b>\$18,548</b>

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

**B. Insurance Purchasing Pool**

For 2016, the County Commissioners participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), as insurance purchasing pool. The Plan is intended to achieve lower workers compensation rates while establishing safer working conditions and environments for the participants. The workers compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants.

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

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

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

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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



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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
 Employee	 10.0 %

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

The District's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$146,490 for 2016.

**NOTE 11 – POST EMPLOYMENT BENEFITS**

***Ohio Public Employees Retirement System***

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>; writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642; or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year, the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to

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(Continued)**

fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$24,415, \$26,489, and \$27,407, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 12 – CONTINGENT LIABILITIES**

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

**NOTE 13 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Opinion Unit	Year-End Encumbrances
General Fund	\$ 15,249
Public Health Clinic Fund	10,713
WIC Fund	556
Community Health Assessment Fund	1,000
Help Me Grow Fund	875
Other Governmental Funds	16,615
Total	\$ 45,008



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky County District Board of Health, Sandusky County, Ohio (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 8, 2017, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 8, 2017

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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness**

**Financial Reporting**

The District's management is responsible for the fair presentation of the financial statements. In addition, all funds identified as major should be reported as major in the financial statements; and budgeted receipts and disbursements reported in the financial statements should agree to the approved amounts. Errors were noted in the financial statements that resulted in audit adjustments such as the following:

- The Community Health Assessment Fund was not correctly identified as a major fund and was incorrectly recorded in Other Governmental Funds and a Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis was not presented;
- The Help Me Grow Fund was not correctly identified as a major fund and was incorrectly recorded in Other Governmental Funds and a Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis was not presented;
- Budgeted disbursements in the General Fund were understated by \$71,352 compared to Board approved appropriations; and
- Encumbrances were not included in the budgetary disbursement amount for all major fund budgetary statements.

Additional errors were noted in smaller relative amounts. These errors were a result of inadequate policies and procedures over reviewing the financial statements. The accompanying financial statements have been adjusted to correct these errors.

To help 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 annual report by the Board to identify and correct errors, omissions, and misclassifications.

**Officials' Response**

We did not receive a response from Officials to this finding.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Material weakness in financial reporting due to errors in financial statements.	Not corrected. Repeated in this report as finding 2016-001.	This reporting requirement is completed by the Director of Support Services, the situation recurred in this accounting cycle due to time constraints with the County Auditor's office and this being the first year the Director of Support Services has completed the District's annual report. Previously the report was completed by the District's fiscal agent, the Sandusky County Auditor. In addition, the report was filed as a draft copy and without review by the fiscal agent. Upon closure of the accounting cycle, the department's Director of Support Services will prepare worksheets and reports to assist the County Auditor's office in preparation of the annual report prior to the final submission in an effort to reduce the amount and size of necessary adjustments.



# Dave Yost • Auditor of State

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**SANDUSKY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 27, 2017**