



**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky District Board of Health, Sandusky 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 opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the 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 Sandusky District Board of Health, Sandusky County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General and Board of Health Nursing 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 July 9, 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 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

July 9, 2008

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

The discussion and analysis of the Sandusky District Board of Health, Sandusky County, Ohio (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2007. 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 2007 are as follows:

- Board of Health Nursing reflects a decrease in revenues as a result of the decrease in clients requiring nursing services for the year.
- Teen Pregnancy Prevention reflects a decrease in revenues and expenditures due to a decrease in available funding.
- A new fund was established for Smoke Free Workplace during the year. This fund was established to account for funds provided by the Ohio Department of Health for implementing the change in Ohio Revised Code (ORC) 3794, as well as any fines received from enforcement of the code.
- Public Health Clinic reflects increased revenues due to the addition of vaccines not offered in previous years (i.e. – Zostavax, Menactra and Gardasil).
- Reclassifications were made from Licenses and Permits into Fees and Intergovernmental Revenues to Contractual Services to more accurately reflect revenue classifications.

Using the Basic Financial Statements (BFS)

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities answer the question, "How did we do financially during 2007?" These statements include all assets, revenues, and expenses using the cash basis of accounting. The cash basis of accounting takes into account when cash is received or paid.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of the changes may be the result of many financial factors.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Notes to the Financial Statements

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

Government-Wide Financial Analysis

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

The table below provides a comparison summary of the District's net assets for 2007 and 2006.

Net Assets		<u>Governmental Activities</u>	
		<u>2007</u>	<u>2006</u>
Assets			
Equity in Pooled Cash and Cash Equivalents		\$2,305,480	\$2,310,244
Total Assets		<u>\$2,305,480</u>	<u>\$2,310,244</u>
 Net Assets			
Restricted for:			
Other Purposes		1,948,564	2,042,535
Unrestricted		<u>356,916</u>	<u>267,709</u>
Total Net Assets		<u>\$2,305,480</u>	<u>\$2,310,244</u>

Over time, net assets can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2007 and 2006 despite the decline in the economy.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,230,911	\$1,009,570
Operating Grants and Contributions	782,832	948,336
Total Program Receipts	2,013,743	1,957,906
General Receipts:		
Property Taxes Levied for General Purposes	499,305	503,735
Grants and Entitlements Not Restricted to Specific Programs	101,289	45,272
Miscellaneous	45,889	130,891
Total General Receipts	646,483	679,898
Total Receipts	2,660,226	2,637,804
Disbursements:		
Legislative and Executive Health	853,080	450,069
Total Disbursements	1,811,910	2,240,109
	2,664,990	2,690,178
Change in Net Assets	(4,764)	(52,374)
Net Assets, January 1	2,310,244	2,362,618
Net Assets, December 31	\$2,305,480	\$2,310,244

Governmental Activities

Net Assets of the District's governmental activities decreased \$4,764. Total governmental expenditures of \$2,664,990 were offset by program revenues of \$2,013,743 and general revenue of \$646,483. Program revenues supported 75.6% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from Charges for Services receipts. These revenue sources represent 46.3% of total governmental revenue.

The largest expense of the District is for health services. Health services expenses represented 68.0% of total governmental expenses for 2007.

The Statement of Activities shows the cost of program services and operating grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by contributions and unrestricted State grant and entitlements. Comparisons for 2007 and 2006 are presented below in the following table.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2007	2007	2006	2006
Program expenses:				
Legislative and Executive Health	\$853,080	\$853,080	\$450,069	\$450,069
	<u>1,811,910</u>	<u>(201,833)</u>	<u>2,240,109</u>	<u>282,203</u>
Total expenses	<u>\$2,664,990</u>	<u>\$651,247</u>	<u>\$2,690,178</u>	<u>\$732,272</u>

The District's Funds

The District's governmental funds reported a combined fund balance of \$2,305,480, which is \$4,764 less than last years' total of \$2,310,244. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2007 and 2006.

	Governmental Fund Balances			
	Fund Balance, December 31 2007	2006	Increase (Decrease)	Percentage Change
General	\$356,916	\$267,709	\$89,207	33.32%
Board of Health Nursing	891,179	1,030,129	(138,950)	-13.49%
Other Governmental	<u>1,057,385</u>	<u>1,012,406</u>	<u>44,979</u>	<u>4.44%</u>
Total Fund Balance	<u>\$2,305,480</u>	<u>\$2,310,244</u>	<u>(\$4,764)</u>	<u>-0.21%</u>

The greatest change within governmental funds occurred within the Board of Health Nursing Fund. The fund balance of the Board of Health Fund decreased by \$138,950 due to a decrease in services in 2007.

Budgetary Highlights

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

- Final budgeted revenues remained the same in total as the original budget. Actual revenue collections, excluding other financing sources, were just \$24,531 less than final budget estimates.
- Final budgeted expenditures were \$50,000 more than the original budget. Actual expenditures, excluding other financing uses, were \$157,525 less than the final budget estimates.

Capital Assets

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

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.

Contacting the District's Financial Management

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,305,480</u>
<i>Total Assets</i>	<u><u>\$2,305,480</u></u>
Net Assets	
Restricted for:	
Other Purposes	1,948,564
Unrestricted	<u>356,916</u>
<i>Total Net Assets</i>	<u><u>\$2,305,480</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
General Government:				
Legislative and Executive	\$853,080			(\$853,080)
Health	1,811,910	\$1,230,911	\$782,832	201,833
<i>Total Governmental Activities</i>	<u>\$2,664,990</u>	<u>\$1,230,911</u>	<u>\$782,832</u>	<u>(651,247)</u>
		General Receipts		
		Property Taxes Levied for		
		General Health District Purposes	499,305	
		Grants and Entitlements not Restricted to Specific Programs	101,289	
		Miscellaneous	45,889	
		<i>Total General Receipts</i>	646,483	
		Change in Net Assets		(4,764)
		<i>Net Assets Beginning of Year</i>		2,310,244
		<i>Net Assets End of Year</i>		<u>\$2,305,480</u>

See accompanying notes to the basic financial statements

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

	General	Board of Health Nursing	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$356,916	\$891,179	\$1,057,385	\$2,305,480
<i>Total Assets</i>	<u>\$356,916</u>	<u>\$891,179</u>	<u>\$1,057,385</u>	<u>\$2,305,480</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$10,911	\$14,299	\$36,793	\$62,003
Unreserved:				
Undesignated, Reported in:				
General Fund	346,005			346,005
Special Revenue Funds		876,880	1,020,592	1,897,472
<i>Total Fund Balances</i>	<u>\$356,916</u>	<u>\$891,179</u>	<u>\$1,057,385</u>	<u>\$2,305,480</u>

See accompanying notes to the basic financial statements

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

	General	Board of Health Nursing	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$499,305			\$499,305
Licenses and Permits	2,061		\$62,141	64,202
Fees	89,431	\$367,613	344,100	801,144
Contractual Services			365,565	365,565
Intergovernmental	101,289		779,882	881,171
Donations			2,950	2,950
Miscellaneous	29,935	11,090	4,864	45,889
<i>Total Receipts</i>	<u>722,021</u>	<u>378,703</u>	<u>1,559,502</u>	<u>2,660,226</u>
Disbursements				
Current:				
General Government:				
Legislative and Executive	597,049	56,070	199,961	853,080
Health	25,765	461,583	1,324,562	1,811,910
<i>Total Disbursements</i>	<u>622,814</u>	<u>517,653</u>	<u>1,524,523</u>	<u>2,664,990</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>99,207</u>	<u>(138,950)</u>	<u>34,979</u>	<u>(4,764)</u>
Other Financing Sources (Uses)				
Transfers In			10,000	10,000
Transfers Out	(10,000)			(10,000)
Advances In	45,000		45,000	90,000
Advances Out	(45,000)		(45,000)	(90,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,000)</u>		<u>10,000</u>	
<i>Net Change in Fund Balances</i>	89,207	(138,950)	44,979	(4,764)
<i>Fund Balances Beginning of Year</i>	<u>267,709</u>	<u>1,030,129</u>	<u>1,012,406</u>	<u>2,310,244</u>
<i>Fund Balances End of Year</i>	<u><u>\$356,916</u></u>	<u><u>\$891,179</u></u>	<u><u>\$1,057,385</u></u>	<u><u>\$2,305,480</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General 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				
Property and Other Local Taxes	\$514,327	\$514,327	\$499,305	(\$15,022)
Licenses and Permits	55,000	55,000	2,061	(52,939)
Fees	93,000	93,000	89,431	(3,569)
Intergovernmental Revenue	54,025	54,025	101,289	47,264
Miscellaneous	30,200	30,200	29,935	(265)
<i>Total Receipts</i>	<u>746,552</u>	<u>746,552</u>	<u>722,021</u>	<u>(24,531)</u>
Disbursements				
Current:				
General Government:				
Legislative and Executive	695,500	745,500	607,960	137,540
Health	45,750	45,750	25,765	19,985
<i>Total Disbursements</i>	<u>741,250</u>	<u>791,250</u>	<u>633,725</u>	<u>157,525</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,302</u>	<u>(44,698)</u>	<u>88,296</u>	<u>132,994</u>
Other Financing Sources (Uses)				
Transfers Out			(10,000)	(10,000)
Advances In			45,000	45,000
Advances Out			(45,000)	(45,000)
<i>Total Other Financing Sources (Uses)</i>			<u>(10,000)</u>	<u>(10,000)</u>
<i>Net Change in Fund Balances</i>	5,302	(44,698)	78,296	122,994
Prior Year Encumbrances Appropriated	3,097	3,097	3,097	
<i>Fund Balances Beginning of Year</i>	<u>264,612</u>	<u>264,612</u>	<u>264,612</u>	
<i>Fund Balances End of Year</i>	<u><u>\$273,011</u></u>	<u><u>\$223,011</u></u>	<u><u>\$346,005</u></u>	<u><u>\$122,994</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Board of Health Nursing Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Fees	\$469,000	\$469,000	\$367,613	(\$101,387)
Miscellaneous	11,000	11,000	11,090	90
<i>Total Receipts</i>	<u>480,000</u>	<u>480,000</u>	<u>378,703</u>	<u>(101,297)</u>
Disbursements				
Current:				
General Government:				
Legislative and Executive	50,000	50,000	56,788	(6,788)
Health	579,000	604,000	475,164	128,836
<i>Total Disbursements</i>	<u>629,000</u>	<u>654,000</u>	<u>531,952</u>	<u>122,048</u>
<i>Net Change in Fund Balances</i>	(149,000)	(174,000)	(153,249)	20,751
Prior Year Encumbrances Appropriated	2,353	2,353	2,353	
<i>Fund Balances Beginning of Year</i>	<u>1,027,776</u>	<u>1,027,776</u>	<u>1,027,776</u>	
<i>Fund Balances End of Year</i>	<u><u>\$881,129</u></u>	<u><u>\$856,129</u></u>	<u><u>\$876,880</u></u>	<u><u>\$20,751</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 1 – REPORTING ENTITY

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

A. Primary Government

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

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

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

B. Component Units

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a 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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

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

A. Basis of Presentation

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

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), charges for services, and other nonexchange transactions as governmental funds. The District's major governmental funds are the General Fund and Board of Health Nursing 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 Board of Health Nursing Fund receives fees for providing home nursing services to elderly and homebound persons. The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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 receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

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

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

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

E. Cash and Investments

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

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY 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

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

G. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Net Assets

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

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

K. Fund Balance Reserves

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

L. Interfund Transactions

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the Board of Health Nursing 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 \$10,911 for the General Fund and \$14,299 for the Board of Health Nursing Fund.

NOTE 4 – DEPOSITS AND INVESTMENTS

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amount of cash on deposit with the County at December 31, 2007, was \$2,305,480. The Sandusky County Treasurer, as fiscal agent for the District, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real 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 taxed 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 2007 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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 5 – PROPERTY TAXES – (CONTINUED)

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 \$.50 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:

<u>Real Property</u>	
Residential/Agricultural	\$803,510,190
Commercial/Industrial/Mineral	170,178,590
Tangible Personal Property	78,070,589
<u>Public Utility</u>	
Real	465,450
Personal	73,334,400
	<hr/>
Total Assessed Value	<u>\$1,125,559,219</u>

NOTE 6 – INTERFUND TRANSFERS

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$10,000

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

NOTE 7 – INTERFUND RECEIVABLE / PAYABLES

During 2007, the following advances were made that had not been repaid at December 31, 2007.

Due to General Fund from:	
Other Governmental Funds	\$20,000

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 8 – 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. 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. 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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable 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.

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.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

Financial Position

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

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

At December 31, 2007 and 2006, respectively, the liabilities 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 \$31,000. 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.

Contributions to PEP

2005	\$14,683
2006	\$15,291
2007	\$14,893

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

B. Insurance Purchasing Pool

For 2007, the County Commissioners participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants.

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

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

NOTE 9 – DEFINED BENEFIT PENSION 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 OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)

For the year ended December 31, 2007, the members of all three plans participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. 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 \$173,203, \$189,933 and \$160,747, respectively. The full amount has been contributed for 2007, 2006, and 2005.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care from January 1, 2007 through June 30, 2007 and 6.00 percent from July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's 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 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 8.0 percent annually for the next eight years and 4.0 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, 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, 2006, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$62,528. 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 \$12.0 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, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

NOTE 11 – CONTINGENT LIABILITIES

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

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Health</i>			
Special Supplemental Food Program for Women, Infants, and Children (WIC)	72-1-001-1-CL-07 72-1-001-1-CL-08	10.557	\$ 177,991 43,141
Total U. S. Department of Agriculture			<u>221,132</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES <i>Passed Through Ohio Department of Health</i>			
Family Planning - Title X	72-1-001-1-XX-06 72-1-001-1-XX-07	93.217	6,864 96,327
			<u>103,191</u>
Preventive Health and Health Service Block Grant	72-1-001-2-EE-06 72-1-001-2-EE-07	93.991	4,169 24,989
			<u>29,158</u>
Drug Free Communities	1-H79-SP13487-01	93.276	<u>99,725</u>
Public Health Infrastructure	72-1-001-2-BI-07 72-1-001-2-BI-08	93.283	95,086 27,934
			<u>123,020</u>
Maternal and Child Health Services Block Grant to States (CFHS)	72-1-001-1-MC-07 72-1-001-1-MC-08	93.994	8,975 18,371
			<u>27,346</u>
Prevention Partnership Grant	CMMCO-P-07-0033 CMMCO-P-08-0033	93.959	28,832 23,696
			<u>52,528</u>
Total U. S. Department of Health and Human Services			<u>434,968</u>
Total Federal Awards Expenditures			<u>\$ 656,100</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
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.

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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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky District Board of Health, Sandusky 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 July 9, 2008. 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 opinions 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.

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.

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

We noted a certain matter that we reported to the District's management in a separate letter dated July 9, 2008.

Compliance and Other Matters

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

We did note certain noncompliance matters that we reported to the District's management in a separate letter dated July 9, 2008.

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

July 9, 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

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

To the Members of the Board:

Compliance

We have audited the compliance of the Sandusky District Board of Health, Sandusky County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 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 Sandusky 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

July 9, 2008

**SANDUSKY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

**DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 12, 2008**