



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

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2009**



**Mary Taylor, CPA**  
Auditor of State



**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	9
Statement of Activities – Cash Basis.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances- Governmental Funds .....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund.....	13
Statement of Receipts, Disbursements and Changes is Fund Balance - Budget and Actual - Budget Basis – Board of Health Nursing Fund .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis – Help Me Grow Fund.....	15
Notes to the Financial Statements .....	16
Federal Awards Expenditures Schedule.....	25
Notes to the Federal Awards Expenditures Schedule .....	26
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	29
Schedule of Findings.....	31

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky County District Board of Health (the District), as of and for the year ended December 31, 2009, 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 Sandusky County District Board of Health, Sandusky County, Ohio, as of December 31, 2009, and the respective changes in cash financial position thereof and the respective budgetary comparison for the General, Board of Health Nursing and Help Me Grow funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, 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 expenditures 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 expenditures 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 6, 2010

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 UNAUDITED**

The discussion and analysis of the Sandusky County District Board of Health (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2009. 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 2009 are as follows:

- Due to the H1N1 emergency, funds became available in three phases to provide the necessary services to the public, i.e. mass vaccinations, oversight of national vaccine for area physicians, etc. These funds, Public Health Emergency Response (PHER), were applied for and granted to the department to ensure vaccine and information could be disseminated to the general public quickly and efficiently.
- Tobacco Use and Prevention Cessation funds were awarded in July 2009 to reduce tobacco usage within Sandusky County in collaboration with Erie and Huron County Health Departments, as well as Fisher-Titus Hospital, Bellevue Hospital and Mercy Hospital of Willard to provide cessation programs and direct care.
- Community Health Assessment and Health Partners began the process of a county wide evaluation of Sandusky County in an effort to determine health care risks for all age groups. This project is slated for completion in the first half of 2010 and should provide all area partners with valuable information of the health of county residents.
- Many of the grants that are received from Ohio Department of Health (ODH) were reduced in amount during 2009 calendar year. The percentage of reduction ranges from 12% to 26%. The result of these reductions has caused reallocation of staffing and an effort to search for other sources of funding to provide continuation of services.

#### **Using the Basic Financial Statements (BFS)**

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

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

#### **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 2009?" 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 COUNTY DISTRICT BOARD OF HEALTH

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 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. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the Statement of Net Assets and the Statement of Activities, the District 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 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 has been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

Fund financial reports provide detailed information about the District's major funds. The District uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major government funds are the General Fund, Board of Health Nursing Fund and 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 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. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

##### 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 COUNTY DISTRICT BOARD OF HEALTH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Government-Wide Financial Analysis**

The table below provides a comparison summary of the District's net assets for 2009 and 2008:

	<b>Net Assets</b>	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$2,061,778</u>	<u>\$2,102,535</u>
<b>Net Assets</b>		
Restricted for:		
Other Purposes	1,847,456	1,761,167
Unrestricted	<u>214,322</u>	<u>341,368</u>
Total Net Assets	<u>\$2,061,778</u>	<u>\$2,102,535</u>

Over time, net assets can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2009 and 2008 despite the decline in the economy.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

The following table reflects the changes in net assets in 2009 compared to 2008.

**Changes in Net Assets**

	Governmental Activities	
	2009	2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,103,732	\$444,094
Operating Grants and Contributions	1,024,772	1,478,087
Total Program Receipts	2,128,504	1,922,181
General Receipts:		
Property Taxes Levied for General Purposes	456,755	422,939
Grants and Entitlements Not Restricted to Specific Programs	132,428	179,100
Miscellaneous	93,533	68,423
Total General Receipts	682,716	670,462
Total Receipts	2,811,220	2,592,643
 Disbursements:		
Health	2,851,977	2,795,588
 Change in Net Assets	(40,757)	(202,945)
 Net Assets, January 1	2,102,535	2,305,480
Net Assets, December 31	\$2,061,778	\$2,102,535

**Governmental Activities**

Net Assets of the District's governmental activities decreased \$40,757. Total governmental expenditures of \$2,851,977 were offset by program revenues of \$2,128,504 and general revenue of \$682,716. Program revenues supported 75% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from Charges for Services and Sales receipts. These revenue sources represent 39% of total governmental revenue.

Health services expenses totaled \$2,851,977 or 100% of total governmental expenses for 2009.

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 2009 and 2008 are presented below in the following table.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

	<b>Governmental Activities</b>			
	Total Cost Of Services 2009	Net Cost of Services 2009	Total Cost Of Services 2008	Net Cost of Services 2008
Program expenses:				
Health	<u>\$2,851,977</u>	<u>\$723,473</u>	<u>\$2,795,588</u>	<u>\$873,407</u>

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,061,778, which is \$40,757 less than last years' total of \$2,102,535. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2009 and 2008.

**Governmental Fund Balances**

	Fund Balance, December 31			
	2009	2008	(Decrease)	Percentage Change
General	\$214,322	\$341,368	(\$127,046)	-37.22%
Board of Health Nursing	821,346	828,892	(7,546)	-0.91%
Help Me Grow	77,060	(4,291)	81,351	-1895.85%
Other Governmental	949,050	936,566	12,484	1.33%
Total Fund Balance	<u>\$2,061,778</u>	<u>\$2,102,535</u>	<u>(\$40,757)</u>	<u>-1.94%</u>

The greatest change within governmental funds occurred within the General Fund and Help Me Grow Fund. The fund balance of the General Fund decreased by \$127,046 due to increases of advances and transfer activity and the increase of health insurance premiums. The fund balance of the Board of Help Me Grow Fund increased by \$81,351 due to services provided in 2008 and reimbursed to the District until 2009.

**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. The most significant budgeted fund is the General Fund.

During 2009, the District amended its budget several times to reflect changing circumstances.

For the General Fund, final receipts and other financing sources were budgeted at \$712,216 while actual receipts and other financing sources were \$846,290. The District received more revenues than were expected in the intergovernmental and miscellaneous line items.

For the General Fund, final disbursements and other financing sources were budgeted at \$1,025,444 while actual disbursements and other financing uses were \$976,365. The District expended less money than they had originally anticipated.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

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

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

Statement of Net Assets - Cash Basis  
December 31, 2009

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$2,061,778</u></u>
<b><u>Net Assets</u></b>	
Restricted for:	
Other Purposes	\$1,847,456
Unrestricted	<u>214,322</u>
Total Net Assets	<u><u>\$2,061,778</u></u>

See accompanying notes to the basic financial statements.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

Statement of Activities - Cash Basis  
For the Year Ended December 31, 2009

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
<b>Governmental Activities</b>	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
			<u>Governmental Activities</u>	
Health	<u>\$2,851,977</u>	<u>\$1,103,732</u>	<u>\$1,024,772</u>	<u>(723,473)</u>
<b>General Receipts</b>				
Property Taxes and Other Local Taxes				456,755
Levied for General Health District Purposes				132,428
Grants and Entitlements not Restricted to Specific Purposes				93,533
Miscellaneous				<u>682,716</u>
Total General Receipts				<u>682,716</u>
Change in Net Assets				(40,757)
Net Assets Beginning of Year				<u>2,102,535</u>
Net Assets End of Year				<u>\$2,061,778</u>

See accompanying notes to the basic financial statements.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2009

	<u>General</u>	<u>Board of Health Nursing</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$214,322</u>	<u>\$821,346</u>	<u>\$77,060</u>	<u>\$949,050</u>	<u>\$2,061,778</u>
 <b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$3,029	\$1,429	\$673	\$16,755	\$21,886
Unreserved, Undesignated, Reported in:					
General Fund	211,293				211,293
Special Revenue Funds		<u>819,917</u>	<u>76,387</u>	<u>932,295</u>	<u>1,828,599</u>
Total Fund Balances	<u>\$214,322</u>	<u>\$821,346</u>	<u>\$77,060</u>	<u>\$949,050</u>	<u>\$2,061,778</u>

See accompanying notes to the basic financial statements

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
 Governmental Funds  
 For the Year Ended December 31, 2009

	<u>General</u>	<u>Board of Health Nursing</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Receipts</b>					
Property and Other Local Taxes	\$456,755				\$456,755
Charges for Services	75,255	\$407,027	\$277,459	\$343,991	1,103,732
Intergovernmental	132,428			1,024,772	1,157,200
Miscellaneous	50,751	11,038	200	31,544	93,533
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	715,189	418,065	277,659	1,400,307	2,811,220
<b>Disbursements</b>					
Current:					
Health	776,790	425,611	256,308	1,393,268	2,851,977
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Receipts Over (Under)					
Disbursements	(61,601)	(7,546)	21,351	7,039	(40,757)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)					
Advances In	100,000		135,000	25,000	260,000
Advances Out	(160,000)		(75,000)	(25,000)	(260,000)
Transfers-In	31,101			36,546	67,647
Transfers-Out	(36,546)			(31,101)	(67,647)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(65,445)		60,000	5,445	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(127,046)	(7,546)	81,351	12,484	(40,757)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances Beginning of Year	341,368	828,892	(4,291)	936,566	2,102,535
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances End of Year	<u>\$214,322</u>	<u>\$821,346</u>	<u>\$77,060</u>	<u>\$949,050</u>	<u>\$2,061,778</u>

See accompanying notes to the basic financial statements.



**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2009

	<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 and Other Local Taxes	\$460,692	\$460,692	\$456,755	(\$3,937)
Charges for Services	90,300	90,300	75,255	(15,045)
Intergovernmental	78,000	90,224	132,428	42,204
Miscellaneous	26,000	26,000	50,751	24,751
<b>Total Receipts</b>	<u>654,992</u>	<u>667,216</u>	<u>715,189</u>	<u>47,973</u>
<b>Disbursements</b>				
Current:				
Health	<u>859,200</u>	<u>850,444</u>	<u>779,819</u>	<u>70,625</u>
Excess of Receipts (Under) Disbursements	<u>(204,208)</u>	<u>(183,228)</u>	<u>(64,630)</u>	<u>118,598</u>
<b>Other Financing Sources(Uses)</b>				
Transfers-In			31,101	31,101
Transfers Out		(175,000)	(36,546)	138,454
Advances-In	45,000	45,000	100,000	55,000
Advances-Out			<u>(160,000)</u>	<u>(160,000)</u>
<b>Total Other Financing Sources(Uses)</b>	<u>45,000</u>	<u>(130,000)</u>	<u>(65,445)</u>	<u>64,555</u>
<b>Net Change in Fund Balance</b>	<u>(159,208)</u>	<u>(313,228)</u>	<u>(130,075)</u>	<u>183,153</u>
Fund Balance Beginning of Year	332,972	332,972	332,972	
Prior Year Encumbrances Appropriated	<u>8,396</u>	<u>8,396</u>	<u>8,396</u>	
<b>Fund Balance End of Year</b>	<u><u>\$182,160</u></u>	<u><u>\$28,140</u></u>	<u><u>\$211,293</u></u>	<u><u>\$183,153</u></u>

See accompanying notes to the basic financial statements.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

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, 2009

	<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	\$390,000	\$390,000	\$407,027	\$17,027
Miscellaneous	10,000	10,000	11,038	1,038
Total Receipts	<u>400,000</u>	<u>400,000</u>	<u>418,065</u>	<u>18,065</u>
<b>Disbursements</b>				
Current:				
Health	<u>522,200</u>	<u>554,000</u>	<u>427,040</u>	<u>126,960</u>
Net Change in Fund Balance	<u>(122,200)</u>	<u>(154,000)</u>	<u>(8,975)</u>	<u>145,025</u>
Fund Balance Beginning of Year	827,502	827,502	827,502	
Prior Year Encumbrances Appropriated	<u>1,390</u>	<u>1,390</u>	<u>1,390</u>	
Fund Balance End of Year	<u><u>\$706,692</u></u>	<u><u>\$674,892</u></u>	<u><u>\$819,917</u></u>	<u><u>\$145,025</u></u>

See accompanying notes to the basic financial statements.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Help Me Grow Fund  
For the Year Ended December 31, 2009

	<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	\$265,000	\$380,410	\$277,459	(102,951)
Miscellaneous			200	200
Total Receipts	<u>265,000</u>	<u>380,410</u>	<u>277,659</u>	<u>(102,751)</u>
<b>Disbursements</b>				
Current:				
Health	<u>286,940</u>	<u>384,640</u>	<u>256,981</u>	<u>127,659</u>
Excess of Receipts Over(Under)				
Disbursements	<u>(21,940)</u>	<u>(4,230)</u>	<u>20,678</u>	<u>24,908</u>
<b>Other Financing Sources (Uses)</b>				
Advances- In			135,000	135,000
Advances - Out			<u>(75,000)</u>	<u>(75,000)</u>
Total Other Financing Sources			<u>60,000</u>	<u>60,000</u>
Net Change in Fund Balance	<u>(21,940)</u>	<u>(4,230)</u>	<u>80,678</u>	<u>84,908</u>
Fund Balance Beginning of Year	(4,550)	(4,550)	(4,550)	
Prior Year Encumbrances Appropriated	<u>259</u>	<u>259</u>	<u>259</u>	
Fund Balance End of Year	<u><u>(\$26,231)</u></u>	<u><u>(\$8,521)</u></u>	<u><u>\$76,387</u></u>	<u><u>\$84,908</u></u>

See accompanying notes to the basic financial statements.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 1 - REPORTING ENTITY**

The Sandusky County District Board of Health (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 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 the fiscal agent for the District and the Sandusky County Treasurer acts as the 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 COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(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 non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational 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, Board of Health Nursing Fund and 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. Board of Health Nursing Fund receives fees for providing home nursing services to elderly and homebound persons. Help Me Grow special revenue fund accounts for state grants for the Help Me Grow program. 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**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(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 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 existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

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

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

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

E. Cash and Investments

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

Individual fund integrity is maintained through District records. Interest 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.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 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 balances reserves have been established for encumbrances.

L. Interfund Transactions

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

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Board of Health Nursing Fund and the Board of Health Help Me Grow 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 \$3,029 for the General Fund, \$1,429 for the Board of Health Nursing Fund, and \$673 for Help Me Grow Fund.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**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, 2008, was \$2,061,778. 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 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes, collected for 2009 were levied after October 1, 2008 on the assessed values determined as of December 31, 2008, the lien date. These taxes will be collected in and are intended to finance 2009 operations. Public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described earlier.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 12.5 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, 2009 was \$.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 817,131,380
Commercial/Industrial Mineral	174,272,550
Tangible Personal Property	36,875,700
<u>Public Utility</u>	
Real	554,760
Personal	4,097,300
Total Assessed Value	<u>\$ 1,032,931,690</u>



**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**NOTE 6 - INTERFUND TRANSFERS**

During 2009 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$36,546

Transfers represent the allocation of unrestricted receipts collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District also transferred \$31,101 from Other Governmental Funds to the General Fund to reimburse the General Fund.

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

During 2009, the following advances were made that had not been repaid at December 31, 2009

Due to General Fund from;	
Other Governmental Funds	\$235,000

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

**NOTE 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 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, 2008, 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.

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

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, 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 \$ 11,000.

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>Contributions to PEP</u></b>	
2007	\$14,893
2008	\$14,035
2009	\$14,125

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 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 2009, 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

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**NOTE 8 - RISK MANAGEMENT (Continued)**

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 the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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

For the year ended December 31, 2009, members were required to contribute 10 percent of their annual covered salaries. The District's contribution rate for pension benefits for 2009 was 14 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, 2009, 2008, and 2007 were \$206,263, \$208,989, and \$173,203, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension". 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 2009 employer contribution rate was 14 percent of covered payroll. The portion of employer contributions allocated to health care was 7 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 3.00 percent annually for the next 6 years. In subsequent years (7 and beyond) were assumed to increase at 4 percent.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 357,584. The number of active contributing participants for both plans used in the December 31, 2009, actuarial valuation was 356,388. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

The employer contribution made to fund post-employment benefits from January 1 through March 31, 2009 was \$27,227 and from April 1 through December 31, 2009 was \$75,904.

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 on January 1 of each year from 2006 to 2008, which will allow additional funds to be allocated to the health care plan.

**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 COUNTY DISTRICT BOARD OF HEALTH**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	72-1-001-1WA0209	10.557	\$ 187,051
	72-1-001-1WA0310		46,136
Total U.S. Department of Agriculture			<u>233,187</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Health</i>			
Public Health Emergency Preparedness	72-1001-2PH0110	93.069	91,494
Family Planning - Title X	72-1-001-1FP0109	93.217	16,390
	72-1-001-1FP0110		85,884
			<u>102,274</u>
Drug Free Communities	5H79-SPO13487-04	93.276	86,121
	5H79-SPO13487-05		18,448
			<u>104,569</u>
Maternal and Child Health Services Block Grant to States (CFHS)	72-1-001-1-MC0209	93.994	25,744
	72-1-001-1-MC0310		13,556
			<u>39,300</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	72-1-001-2-PI-0209	93.283	66,717
Preventive Health and Health Services Block Grant	72-1-001-41P0209	93.991	33,024
<b><i>Passed Through Mental Health and Recovery Services Board - Seneca County</i></b>			
Prevention and Treatment of Substance Abuse	CMMCO-P-09-0003	93.959	23,611
	CMMCO-P-10-0003		16,213
			<u>39,824</u>
Total U.S. Department of Health and Human Services			<u>477,202</u>
<b>Total Federal Awards Expenditures</b>			<u><u>\$ 710,389</u></u>

*The accompanying notes are an integral part of this schedule.*

**SANDUSKY COUNT DISTRICT BOARD OF HEALTH**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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



# 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 County District Board of Health  
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 County District Board of Health (the District) as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 6, 2010, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessary identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-001 to be a significant deficiency. 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.

One Government Center / Suite 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 6, 2010.

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

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

**Mary Taylor, CPA**  
Auditor of State

July 6, 2010





# 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 REQUIRED BY OMB CIRCULAR A-133

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

To the Members of the Board:

### Compliance

We have audited the compliance of Sandusky County District Board of Health (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, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with 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 County 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, 2009.

### 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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

We intend this report solely for the information and use of the audit committee, management, the Members of the Board, 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 6, 2010

**SANDUSKY COUNTY DISTRICT BOARD OF HEALTH**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**FINDING NUMBER 2009-001**

**Significant Deficiency**

**Financial Reporting**

Errors were noted in the financial statements that required audit reclassifications. The District included \$675,081 as Operating Grants and Contribution program revenue that should have been reported as Charges for Services revenue on the Statement of Activities. Contract services revenues were misclassified as intergovernmental revenues in the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances in the amount of \$675,081. The accompanying financial statements have been adjusted to

reflect these reclassifications.

Sound financial reporting is the responsibility of the Chief Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the District's financial statements and notes to the statements are complete and accurate, the Board should adopt policies and procedures, including a final review of the compilation report by the Chief Fiscal Officer, to identify and correct errors and omissions. We recommend the Chief Fiscal Officer meet with the County Auditor prior to when the 2010 financial statements are compiled to assure the prior audit adjustments have been addressed.

**Officials' Response:**

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

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None



Mary Taylor, CPA  
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  
JULY 22, 2010**