



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky County District Board of Health, Sandusky County, Ohio (the District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky County District Board of Health, Sandusky County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General, Board of Health Nursing, WIC, and Solid Waste funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Awards Expenditure Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

May 28, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

The discussion and analysis of Sandusky County District Board of Health (the District) financial performance provides an over all review of the District's financial activities for the year ended December 31, 2013. 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 2013 are as follows:

1. The Health Department has demolished a number of structures under the Moving Ohio Forward program. Reimbursement of funds spent has been slow due to delays in requesting funds. It is anticipated that all funds will be spent and received by May 31, 2014.
2. The Home Health division has suffered a decline in revenue by 12.9 percent while the expenditures decreased only 7 percent. This difference has resulted in a significant decrease in available cash balance and efforts are being made to increase public awareness of the services being offered.
3. The Health Department received funding reductions in 2013 for the Senior Citizens Clinic and the Public Health Emergency Preparedness funds.
4. During the prior calendar year, the determination was made to begin charging all costs directly to the various environmental health programs in an effort to better calculate programming cost. This process continues to bring the need to renew the current fees, make adjustments accordingly, and modify procedures to keep costs contained for the benefit of clients and assist in maintaining the department's ability to continue providing these services on a break even basis.

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2013?", within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental type activities at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs goods or services and grants restricted to meeting the operational requirements of a particular program. General revenues are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

These two statements report the District's cash position and changes in cash position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that 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 many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major government funds are the General Fund, Board of Health Nursing Fund, WIC Fund, and Solid Waste 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 revenues, 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
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Government-Wide Financial Analysis

The table below provides a summary of the District's net position for 2013 and 2012:

	Governmental Activities	
	2013	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$1,350,400	\$1,444,366
Net Position		
Restricted for:		
Environmental Health	\$927,868	\$1,100,789
Unrestricted	422,532	343,577
Total Net Position	\$1,350,400	\$1,444,366

Over time, net position can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2013 and 2012 despite the decline in the economy.

	Governmental Activities	
	2013	2012
Receipts:		
Program Receipts:		
Charges for Services	\$1,151,614	\$1,173,187
Operating Grants and Contributions	893,809	863,308
Total Program Receipts	2,045,423	2,036,495
General Receipts:		
Property Taxes Levied for General Purposes	468,996	455,624
Grants and Entitlements Not Restricted to Specific Programs	175,095	163,309
Miscellaneous	44,953	41,931
Total General Receipts	689,044	660,864
Total Receipts	2,734,467	2,697,359
Disbursements:		
Health	2,828,433	2,968,472
Change in Net Position	(93,966)	(271,113)
Net Position, January 1	1,444,366	1,715,479
Net Position, December 31	\$ 1,350,400	\$ 1,444,366

Governmental Activities

Net position of the District's governmental activities decreased \$93,966. Total governmental expenditures of \$2,828,433 were offset by program revenues of \$2,045,423 and general revenue of \$689,044. Program revenues supported 72% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from charges for services receipts. These revenue sources represent 42% of total governmental revenue.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Health services expenses totaled \$ 2,828,433 or 100% of total government expenses for 2013.

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

	Governmental Activities			
	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Program expenses:				
Health	<u>\$2,828,433</u>	<u>\$783,010</u>	<u>\$2,968,472</u>	<u>\$931,977</u>

The District's Funds

The District's governmental funds reported a combined fund balance of \$1,350,400 which is \$93,966 less than last years' total of \$1,444,366. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2013 and 2012.

	<u>Fund Balance, December 31</u>			Percentage Change
	<u>2013</u>	<u>2012</u>	Increase / (Decrease)	
General	\$245,897	\$208,668	\$37,229	17.8%
Board of Health Nursing	418,751	542,764	(124,013)	(22.7%)
WIC	16,672	26,782	(10,110)	(37.7%)
Solid Waste	144,844	162,553	(17,709)	(10.9%)
Other Governmental	524,236	503,599	20,637	4.1%
Total Fund Balance	<u>\$1,350,400</u>	<u>\$1,444,366</u>	<u>(\$93,966)</u>	<u>(6.5%)</u>

The greatest change within governmental funds occurred within the Board of Health Nursing Fund. The fund balance of the Board of Health Nursing fund decreased \$124,013 for 2013 due to a decrease in charges for services revenues. The fund balance of the General Fund increased \$37,229 for 2013.

Budget Highlights

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

During 2013, the District amended its special revenue funds several times to reflect changing circumstances.

For the General Fund, final receipts and other financing sources were budgeted at \$843,792 while actual receipts and other financing sources were \$885,048. The District received more revenues than were expected in the intergovernmental line item.

For the General Fund, final disbursements and other financing uses were budgeted at \$1,008,550 while actual disbursements and other financing uses were \$923,303. The District expended less money than they had originally anticipated.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
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 to administer and carry out programs are covered.

Contacting the District's Financial Management

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

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

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,350,400</u>
Net Position:	
Restricted for:	
Environmental Health	\$ 927,868
Unrestricted	<u>422,532</u>
Total Net Position	<u><u>\$ 1,350,400</u></u>

See accompanying notes to the basic financial statements

SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Health	\$ 2,828,433	\$ 1,151,614	\$ 893,809	\$ (783,010)
		General Receipts:		
		Property Taxes Levied and Other Local Taxes		
		Levied for General Health District Purposes		468,996
		Grants and Entitlements not Restricted to Specific Programs		175,095
		Miscellaneous		44,953
		Total General Receipts		<u>689,044</u>
		Change in Net Position		(93,966)
		Net Position Beginning of Year		<u>1,444,366</u>
		Net Position End of Year		<u>\$ 1,350,400</u>

See accompanying notes to the basic financial statements

SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Board of Health Nursing	WIC	Solid Waste	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 245,897	\$ 418,751	\$ 16,672	\$ 144,844	\$ 524,236	\$ 1,350,400
Fund Balances:						
Restricted:						
Nursing		\$ 418,751				\$ 418,751
Trailer Park					\$ 67,297	67,297
Boat Marina					4,041	4,041
Food Service					22,636	22,636
Water Systems					10,420	10,420
Swimming Pool					23,902	23,902
Family Planning					41,154	41,154
CFHS					15,686	15,686
WIC			\$ 16,672			16,672
Public Health Emergency Preparedness					11,119	11,119
Wellness					6,450	6,450
SPF-SIG					16,662	16,662
Prevention Partnership					11,487	11,487
Solid Waste				\$ 144,844		144,844
Help Me Grow					52,316	52,316
Drug Free Communities					19,836	19,836
Sewage Treatment Service					14,838	14,838
Environmental and Public Health					10,454	10,454
Smoke Free Workplace					4,979	4,979
Immunization Action Plan					14,324	14,324
Committed:						
Public Health Clinic					102,770	102,770
Community Health Assessment					73,865	73,865
Assigned:						
Homemakers	\$ 14,711					14,711
Senior Citizens	947					947
Encumbrances	86,393					86,393
Subsequent Year Appropriations	143,846					143,846
Total Fund Balances	<u>\$ 245,897</u>	<u>\$ 418,751</u>	<u>\$ 16,672</u>	<u>\$ 144,844</u>	<u>\$ 524,236</u>	<u>\$ 1,350,400</u>

See accompanying notes to the basic financial statements

SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Board of Health Nursing	WIC	Solid Waste	Other Governmental Funds	Total
Receipts:						
Property Taxes	\$ 468,996					\$ 468,996
Charges for Services	167,003	\$ 235,277		\$ 21,578	\$ 727,756	1,151,614
Intergovernmental	175,095		\$ 297,411		596,398	1,068,904
Miscellaneous	27,026	10,025	473	22	7,407	44,953
Total Receipts	838,120	245,302	297,884	21,600	1,331,561	2,734,467
Disbursements:						
Health	774,491	369,315	288,394	39,309	1,356,924	2,828,433
Excess of Receipts Over (Under) Disbursements	63,629	(124,013)	9,490	(17,709)	(25,363)	(93,966)
Other Financing Sources (Uses):						
Transfer In					25,000	25,000
Transfer Out	(25,000)					(25,000)
Advances In	91,500		45,400		47,500	184,400
Advances Out	(92,900)		(65,000)		(26,500)	(184,400)
Total Other Financing Sources (Uses)	(26,400)		(19,600)		46,000	
Net Change in Fund Balances	37,229	(124,013)	(10,110)	(17,709)	20,637	(93,966)
Fund Balances Beginning of Year	208,668	542,764	26,782	162,553	503,599	1,444,366
Fund Balances End of Year	\$ 245,897	\$ 418,751	\$ 16,672	\$ 144,844	\$ 524,236	\$ 1,350,400

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$ 500,877	\$ 494,253	\$ 468,996	\$ (25,257)
Charges for Services	150,500	141,100	146,117	5,017
Intergovernmental	124,400	112,067	175,095	63,028
Miscellaneous	1,000	2,728	3,340	612
Total Receipts	<u>776,777</u>	<u>750,148</u>	<u>793,548</u>	<u>43,400</u>
Disbursements:				
Current:				
Health	751,550	883,550	805,403	78,147
Excess of Receipts Over (Under) Disbursements	<u>25,227</u>	<u>(133,402)</u>	<u>(11,855)</u>	<u>121,547</u>
Other Financing Sources (Uses):				
Transfers In		2,144		(2,144)
Transfers Out	(25,000)	(25,000)	(25,000)	
Advances In		91,500	91,500	
Advances Out	(100,000)	(100,000)	(92,900)	7,100
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(31,356)</u>	<u>(26,400)</u>	<u>4,956</u>
Net Change in Fund Balance	(99,773)	(164,758)	(38,255)	126,503
Fund Balance Beginning of Year	170,230	170,230	170,230	
Prior Year Encumbrances Appropriated	11,870	11,870	11,870	
Fund Balance End of Year	<u>\$ 82,327</u>	<u>\$ 17,342</u>	<u>\$ 143,845</u>	<u>\$ 126,503</u>

See accompanying notes to the basic financial statements

SANDUSKY COUNTY DISTRICT BOARD OF HEALTH
SANDUSKY COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
BOARD OF HEALTH NURSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Charges for Services	\$ 259,219	\$ 229,000	\$ 235,277	\$ 6,277
Miscellaneous	9,281	9,281	10,025	744
Total Receipts	<u>268,500</u>	<u>238,281</u>	<u>245,302</u>	<u>7,021</u>
Disbursements:				
Current:				
Health	<u>461,740</u>	<u>461,740</u>	<u>371,770</u>	<u>89,970</u>
Net Change in Fund Balance	(193,240)	(223,459)	(126,468)	96,991
Fund Balance Beginning of Year	525,787	525,787	525,787	
Prior Year Encumbrances Appropriated	<u>16,977</u>	<u>16,977</u>	<u>16,977</u>	
Fund Balance End of Year	<u><u>\$ 349,524</u></u>	<u><u>\$ 319,305</u></u>	<u><u>\$ 416,296</u></u>	<u><u>\$ 96,991</u></u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ 276,528	\$ 297,411	\$ 297,411	
Miscellaneous	472	472	473	\$ 1
Total Receipts	<u>277,000</u>	<u>297,883</u>	<u>297,884</u>	<u>1</u>
Disbursements:				
Current:				
Health	279,260	322,760	288,419	34,341
Excess of Receipts Over (Under) Disbursements	<u>(2,260)</u>	<u>(24,877)</u>	<u>9,465</u>	<u>34,342</u>
Other Financing Sources (Uses):				
Advances In	20,000	20,000	45,400	25,400
Advances Out	<u>(45,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(45,000)</u>	<u>(19,600)</u>	<u>25,400</u>
Net Change in Fund Balance	(27,260)	(69,877)	(10,135)	59,742
Fund Balance Beginning of Year	25,029	25,029	25,029	
Prior Year Encumbrances Appropriated	<u>1,753</u>	<u>1,753</u>	<u>1,753</u>	
Fund Balance End of Year	<u>\$ (478)</u>	<u>\$ (43,095)</u>	<u>\$ 16,647</u>	<u>\$ 59,742</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SOLID WASTE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Charges for Services	\$ 11,978	\$ 21,578	\$ 21,578	
Miscellaneous	22	22	22	
Total Receipts	<u>12,000</u>	<u>21,600</u>	<u>21,600</u>	
Disbursements:				
Current:				
Health	<u>67,320</u>	<u>67,320</u>	<u>39,384</u>	\$ 27,936
Net Change in Fund Balance	(55,320)	(45,720)	(17,784)	27,936
Fund Balance Beginning of Year	<u>162,553</u>	<u>162,553</u>	<u>162,553</u>	
Fund Balance End of Year	<u><u>\$ 107,233</u></u>	<u><u>\$ 116,833</u></u>	<u><u>\$ 144,769</u></u>	<u><u>\$ 27,936</u></u>

See accompanying notes to the basic financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – REPORTING ENTITY

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

A. Primary Government

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

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

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

B. Component Units

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), charges for services, and other non-exchange transactions as governmental funds. The District's major governmental funds are the General Fund, Board of Health Nursing Fund, WIC Fund, and Solid Waste 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 WIC special revenue fund accounts for grants for the WIC program. The Solid Waste Fund receives fees for providing licenses for solid waste services to Sandusky County residents. The other government funds of the District account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The District's financial statements are prepared using the 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 disbursement are recorded when cash is paid rather than when a liability is incurred.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

H. Interfund Receivables/Payables

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

I. 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.

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Net Position

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

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

L. Fund Balance

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

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

the remaining amount that is not restricted or committed.

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

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

M. Interfund Transactions

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

	Fund Balances			
	General	Board of Health Nursing Fund	WIC Grant	Solid Waste
Cash basis	\$245,897	\$418,751	\$16,672	\$144,844
Adjustment for GASB 54	(15,659)			
Adjustment for encumbrances	(86,393)	(2,455)	(25)	(75)
Budgetary basis	<u>\$143,845</u>	<u>\$416,296</u>	<u>\$16,647</u>	<u>\$144,769</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(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, 2013, was \$1,350,400. 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 (used in business) property located in the County. Real property tax receipts received in 2013 represent the collection of 2012 taxes. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The assessed value upon which 2013 taxes were collected was \$1,055,663,450. The full rate for all County operations applied to real property for fiscal year ended December 31, 2013, was \$.50 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Real Property</u>	
Agricultural/Residential	\$826,840,930
Commercial/Industrial/Mineral	176,410,250
<u>Public Utility</u>	
Real	682,330
Personal	51,729,940
	<u>\$1,055,663,450</u>

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

NOTE 6 – INTERGOVERNMENTAL FUNDING

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

NOTE 7 – INTERFUND TRANSFERS

During 2013 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$25,000

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES

The following advances were made and had not been repaid at December 31, 2013:

Due to the General Fund from:	
WIC Fund	\$25,400
Other Governmental Funds	45,500
Total	<u>\$70,900</u>

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

NOTE 9 – RISK MANAGEMENT

A. Risk Pool Membership

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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, 2012, PEP retained \$350,000 for casualty claims and \$150,000 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.

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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 9 – RISK MANAGEMENT – (Continued)

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the District's share of these unpaid claims collectible in future years is approximately \$15,000.

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.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2012</u>
\$17,655	\$15,048

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

B. Insurance Purchasing Pool

For 2013, the County Commissioners participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), as insurance purchasing pool. The Plan is intended to achieve lower workers compensation rates while establishing safer working conditions and environments for the participants. The workers compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants.

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

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invest 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulated 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 Pension and the 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 which may be obtained by visiting <https://www.opers.org/inverstments/cafr.shtml>, writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding policy – The Ohio Revised Code provides statutory authority for member and employers contributions. For 2013, member and contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2013 member contribution rate was 10.00 percent for members in State and local classifications. The District contribution rate for 2013 was 14.00 percent of covered payroll.

The District's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 10.0 percent. The District contribution rate for pension benefits for members in the Combined Plan for 2013 was 7.95 percent.

The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$295,352, \$318,054, and \$311,482, respectively. The full amount has been contributed for 2013, 2012, and 2011.

NOTE 11 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate plans: The Traditional Pension Plan – a cost sharing, multiple-employee defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has element of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, for qualifying members of both the Traditional Pension and the Combined Plans.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 11 – POSTEMPLOYMENT BENEFITS – (Continued)

Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and –service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefits and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 E. Towns St., Columbus, OH 43215-4642 or by calling (614) 222-5801 or (800) 222-7377.

Funding Policy – The post employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). The Ohio Revised Code provides the statutory authority requiring public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed 14.0 percent to covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. The Ohio Revised Code currently limits the employer's contribution to a rate not to exceed 17 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the post-employment health care benefits. The portion of employer contributions allocated to fund post-employment health care for members in the Traditional was 1.0 percent. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent.

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

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$147,676, \$159,027, and \$155,921, respectively; 100 percent has been contributed for 2013, 2012, and 2011.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rate for law and public safety employers increased over a six year period beginning on January 1, 2006 with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 12 – CONTINGENT LIABILITIES

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

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

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 Nutrition Program for Women, Infants and Children	72-1-001-1-WA-0613 72-1-001-1-WA-0714	10.557	\$220,085 60,881
Total U.S. Department of Agriculture			<u>280,966</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Public Health Emergency Preparedness	72-1-001-2-PH-0413	93.069	<u>79,723</u>
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	72-1-001-2-PH-0514	93.074	<u>36,900</u>
Maternal and Child Health Services Block Grant to the States	72-1-001-1-MC-0613 72-1-001-1-MC-0714	93.994	16,729 <u>29,107</u> <u>45,836</u>
Family Planning Services	72-1-001-1-RH-0213 72-1-001-1-RH-0314	93.217	112,212 <u>69,635</u> <u>181,847</u>
Drug Free Communities Support Program	5H79-SP013487-08 5H79-SP013487-09	93.276	108,351 <u>14,168</u> <u>122,519</u>
Immunization Cooperative Agreements	72-1-001-2-IM-0212 72-1-001-2-IM-0313	93.268	5,387 <u>58,715</u> <u>64,102</u>
<i>Passed Through Mental Health and Recovery Services Board - Seneca County</i>			
Prevention and Treatment of Substance Abuse	CMMCO-P-13-033 CMMCO-P-14-033	93.959	17,594 <u>6,902</u> <u>24,496</u>
Total U.S. Department of Health and Human Services			<u>555,423</u>
Total			<u><u>\$836,389</u></u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The District passed \$30,149 to a subrecipient.

NOTE C - 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.



Dave Yost • Auditor of State

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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandusky County District Board of Health, Sandusky County, Ohio (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 28, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our

Sandusky County District Board of Health
Sandusky County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

May 28, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
Sandusky County
2000 Countryside Drive
Fremont, Ohio 43420-8560

To the Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the Sandusky County District Board of Health, Sandusky County, Ohio (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Sandusky County District Board of Health's major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Sandusky County District Board of Health complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

May 28, 2014

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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SANDUSKY COUNTY DISTRICT BOARD OF HEALTH

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 17, 2014**