



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, 2014, 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, 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General, Board of Health Nursing, WIC, and Public Health Clinic funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. The Federal Awards Expenditure Schedule 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.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this 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, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We applied no procedures to the Management's Discussion and Analysis presented on pages 5-9 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, 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

June 11, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

The discussion and analysis of the Sandusky County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2014. 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 2014 are as follows:

1. The Health Department has demolished a number of structures under the Moving Ohio Forward program. All funds were received and disbursed by November 30, 2014, and the program has been concluded. This program has increased revenues by approximately \$280,000 and expenses by approximately \$260,000, in the General Fund for 2014.
2. The Home Health division suffered a decline in clients; as a result, it was determined by the Board of Health to discontinue offering Home Health services effective September 30, 2014. The program has been effectively closed and all related activities are being closed out. Balance of funds will be utilized to payout staff retirements during 2015.
3. The Solid Waste fund reflects a decrease in revenues due to change in staffing and in tracking of activities. It was determined that staff was not coding fund activities appropriately resulting in excessive time being charged that is not reimbursable. Subsequently all staff have been educated and continue to discuss daily activity tracking and coordination of efforts.
4. The Public Health Clinic fund reflects an increase in revenues by \$175,000 and expenses by \$231,000. This difference is applicable to SCHD having to implement private insurance billing for immunizations. This requirement was established by Ohio Department of Health in 2013 and became fully implemented in 2014. The discrepancy between the revenues and expenses is attributable to the vaccine inventory carry over and timing differences from the billing cycle to receipt of payment.
5. The Senior Citizens Clinic fund has been discontinued due to lack of funding from outside sources.

Using the Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Basis of Accounting

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities answer the question, "How did we do financially during 2014?" within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances of the governmental type activities at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs goods or services and grants restricted to meeting the operational requirements of a particular program. General revenues are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

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.

Government-Wide Financial Analysis

The table below provides a summary of the District's net position for 2014 and 2013:

	Governmental Activities	
	2014	2013
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 1,086,961	\$ 1,350,400
Net Position		
Restricted for:		
Environmental Health	\$ 670,164	\$ 927,868
Unrestricted	416,797	422,532
Total Net Position	\$ 1,086,961	\$ 1,350,400

Over time, net position can serve as a useful indicator of a government's financial position. The District's finances remained strong during 2014 and 2013 despite the decline in the economy.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

	Governmental Activities	
	2014	2013
Receipts:		
Program Receipts:		
Charges for Services	\$ 1,129,076	\$ 1,151,614
Operating Grants and Contributions	894,416	893,809
Total Program Receipts	2,023,492	2,045,423
General Receipts:		
Property Taxes Levied for General Purposes	485,701	468,996
Grants and Entitlements not Restricted to Specific Programs	441,122	175,095
Miscellaneous	50,911	44,953
Total General Receipts	977,734	689,044
Total Receipts	3,001,226	2,734,467
 Disbursements:		
Health	3,264,665	2,828,433
 Change in Net Position	(263,439)	(93,966)
Net Position, January 1	1,350,400	1,444,366
Net Position, December 31	\$ 1,086,961	\$ 1,350,400

Governmental Activities

Net position of the District's governmental activities decreased \$263,439. Total governmental expenditures of \$3,264,665 were offset by program revenues of \$2,023,492 and general revenue of \$977,734. Program revenues supported 62% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from charges for services receipts. These revenue sources represent 38% of total governmental revenue.

Health services expenses totaled \$3,264,665 or 100% of total government expenses for 2014.

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 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses:				
Health	\$ 3,264,665	\$ 1,241,173	\$ 2,828,433	\$ 783,010

The District's Funds

The District's governmental funds reported a combined fund balance of \$1,086,961 which is \$263,439 less than last years' total of \$1,350,400. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 and 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

	Fund Balance, December 31			Percentage Change
	2014	2013	Increase / (Decrease)	
General	\$ 281,716	\$ 245,897	\$ 35,819	14.6%
Board of Health Nursing	213,782	418,751	(204,969)	(48.9%)
WIC	35,763	16,672	19,091	114.5%
Public Health Clinic	62,412	102,770	(40,358)	(56.9%)
Other Governmental	493,288	566,310	(73,022)	(5.9%)
Total Fund Balance	<u>\$ 1,086,961</u>	<u>\$ 1,350,400</u>	<u>\$ (263,439)</u>	<u>(19.5%)</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 \$204,969 for 2014 due to the elimination of the Home Health program during 2014. The fund balance of the General Fund increased \$35,821 for 2014.

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 2014, 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 \$1,113,678 while actual receipts and other financing sources were \$1,152,824. The District received more revenues than were expected in the Property Taxes line item

For the General Fund, final disbursements and other financing uses were budgeted at \$1,148,090 while actual disbursements and other financing uses were \$1,129,297. The District expended less money than they had originally anticipated.

Capital Assets

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

Current Issues

The challenge for the District is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely on operating grants and are diligent in searching for new funding sources in order to allow our programs to continue. Charges for services and contract rates are analyzed to ensure to administer and carry out programs are covered.

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, OH 43420-8560.

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

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,086,961
Net Position:	
Restricted for:	
Environmental health	\$ 670,164
Unrestricted	416,797
Total Net Position	\$ 1,086,961

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, 2014**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Health	\$ 3,264,665	\$ 1,129,076	\$ 894,416	\$ (1,241,173)
 General Receipts:				
Property Taxes Levied and Other Local Taxes				485,701
Levied for General Health District Purposes				441,122
Grants and Entitlements not Restricted to Specific Programs				50,911
Miscellaneous				50,911
Total General Receipts				977,734
Change in Net Position				(263,439)
Net Position Beginning of Year				1,350,400
Net Position End of Year				\$ 1,086,961

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, 2014**

	<u>General</u>	<u>Board of Health Nursing</u>	<u>WIC</u>	<u>Public Health Clinic</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 281,716	\$ 213,782	\$ 35,763	\$ 62,412	\$ 493,288	\$ 1,086,961
Fund Balances:						
Restricted:						
Nursing		\$ 213,782				\$ 213,782
Trailer Park					\$ 61,215	61,215
Boat Marina					4,041	4,041
Food Service					2,266	2,266
Water Systems					12,065	12,065
Swimming Pool					20,840	20,840
Family Planning					5,137	5,137
CFHS					4,522	4,522
WIC			\$ 35,763			35,763
Public Health Emergency Response					16	16
Women's Health Service					23	23
Wellness					9,132	9,132
Mentoring					62	62
Public Health Emergency Preparedness					9,636	9,636
SPF-SIG					3,798	3,798
Prevention Partnership					5,854	5,854
Drug Free Communities					17,924	17,924
Sewage Treatment Service					25,714	25,714
Smoke Free Workplace					5,178	5,178
Help Me Grow					84,619	84,619
Environmental and Public Health					21,281	21,281
Immunization Action Plan					15,209	15,209
Solid Waste					107,087	107,087
Creating Healthy Communities					5,000	5,000
Committed:						
Public Health Clinic				\$ 62,412		62,412
Community Health Assessment					72,669	72,669
Assigned:						
Homemakers	\$ 10,140					10,140
Senior Citizens	2,804					2,804
Encumbrances	15,007					15,007
Subsequent Year Appropriations	253,765					253,765
Total Fund Balances	<u>\$ 281,716</u>	<u>\$ 213,782</u>	<u>\$ 35,763</u>	<u>\$ 62,412</u>	<u>\$ 493,288</u>	<u>\$ 1,086,961</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, 2014**

	<u>General</u>	<u>Board Health Nursing</u>	<u>WIC</u>	<u>Public Health Clinic</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:						
Property Taxes	\$ 485,701					\$ 485,701
Charges for Services	123,958	\$ 149,962		\$ 385,841	\$ 469,315	1,129,076
Intergovernmental	441,122		\$ 323,929	57,474	513,013	1,335,538
Miscellaneous	25,260	9,883	519	654	14,595	50,911
Total Receipts	<u>1,076,041</u>	<u>159,845</u>	<u>324,448</u>	<u>443,969</u>	<u>996,923</u>	<u>3,001,226</u>
Disbursements:						
Current:						
Health	975,322	364,814	320,357	504,327	1,099,845	3,264,665
Excess of Receipts Over (Under) Disbursements	<u>100,719</u>	<u>(204,969)</u>	<u>4,091</u>	<u>(60,358)</u>	<u>(102,922)</u>	<u>(263,439)</u>
Other Financing Sources (Uses):						
Transfers In					25,000	25,000
Transfers Out	(25,000)					(25,000)
Advances In	111,300		65,800	20,000	65,400	262,500
Advances Out	(151,200)		(50,800)		(60,500)	(262,500)
Total Other Financing Sources (Uses)	<u>(64,900)</u>		<u>15,000</u>	<u>20,000</u>	<u>29,900</u>	
Net Change in Fund Balances	35,819	(204,969)	19,091	(40,358)	(73,022)	(263,439)
Fund Balances Beginning of Year	<u>245,897</u>	<u>418,751</u>	<u>16,672</u>	<u>102,770</u>	<u>566,310</u>	<u>1,350,400</u>
Fund Balances End of Year	<u>\$ 281,716</u>	<u>\$ 213,782</u>	<u>\$ 35,763</u>	<u>\$ 62,412</u>	<u>\$ 493,288</u>	<u>\$ 1,086,961</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$ 494,000	\$ 501,105	\$ 485,701	\$ (15,404)
Charges for Services	143,100	112,209	113,311	1,102
Intergovernmental	104,400	403,920	441,122	37,202
Miscellaneous	1,500	144	1,390	1,246
Total Receipts	<u>743,000</u>	<u>1,017,378</u>	<u>1,041,524</u>	<u>24,146</u>
Disbursements:				
Current:				
Health	1,023,090	957,290	953,097	4,193
Excess of Receipts Over (Under) Disbursements	<u>(280,090)</u>	<u>60,088</u>	<u>88,427</u>	<u>28,339</u>
Other Financing Sources (Uses):				
Transfers Out	(25,000)	(25,000)	(25,000)	
Advances In		96,300	111,300	15,000
Advances Out	(100,000)	(165,800)	(151,200)	14,600
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(94,500)</u>	<u>(64,900)</u>	<u>29,600</u>
Net Change in Fund Balance	(405,090)	(34,412)	23,527	57,939
Fund Balance Beginning of Year	143,845	143,845	143,845	
Prior Year Encumbrances Appropriated	86,393	86,393	86,393	
Fund Balance End of Year	<u>\$ (174,852)</u>	<u>\$ 195,826</u>	<u>\$ 253,765</u>	<u>\$ 57,939</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, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Charges for Services	\$ 234,500	\$ 149,924	\$ 149,962	\$ 38
Miscellaneous	9,000	9,096	9,883	787
Total Receipts	<u>243,500</u>	<u>159,020</u>	<u>159,845</u>	<u>825</u>
Disbursements:				
Current:				
Health	396,000	421,000	365,708	55,292
Excess of Receipts Over (Under) Disbursements	(152,500)	(261,980)	(205,863)	56,117
Other Financing Uses:				
Transfers Out	(50,000)	(25,000)		25,000
Net Change in Fund Balance	(202,500)	(286,980)	(205,863)	81,117
Fund Balance Beginning of Year	416,296	416,296	416,296	
Prior Year Encumbrances Appropriated	2,455	2,455	2,455	
Fund Balance End of Year	<u>\$ 216,251</u>	<u>\$ 131,771</u>	<u>\$ 212,888</u>	<u>\$ 81,117</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 290,000	\$ 323,930	\$ 323,929	\$ (1)
Miscellaneous			519	519
Total Receipts	<u>290,000</u>	<u>323,930</u>	<u>324,448</u>	<u>518</u>
Disbursements:				
Current:				
Health	<u>352,676</u>	<u>333,876</u>	<u>320,580</u>	<u>13,296</u>
Excess of Receipts Over (Under) Disbursements	<u>(62,676)</u>	<u>(9,946)</u>	<u>3,868</u>	<u>13,814</u>
Other Financing Sources (Uses):				
Advances In		65,800	65,800	
Advances Out		(72,500)	(50,800)	21,700
Total Other Financing Sources (Uses)		<u>(6,700)</u>	<u>15,000</u>	<u>21,700</u>
Net Change in Fund Balance	<u>(62,676)</u>	<u>(16,646)</u>	<u>18,868</u>	<u>35,514</u>
Fund Balance Beginning of Year	<u>16,647</u>	<u>16,647</u>	<u>16,647</u>	
Prior Year Encumbrances Appropriated	<u>25</u>	<u>25</u>	<u>25</u>	
Fund Balance End of Year	<u><u>\$ (46,004)</u></u>	<u><u>\$ 26</u></u>	<u><u>\$ 35,540</u></u>	<u><u>\$ 35,514</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
PUBLIC HEALTH CLINIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for Services	\$ 211,000	\$ 373,999	\$ 385,841	\$ 11,842
Intergovernmental	44,000	49,711	57,474	7,763
Miscellaneous		290	654	364
Total Receipts	<u>255,000</u>	<u>424,000</u>	<u>443,969</u>	<u>19,969</u>
Disbursements:				
Current:				
Health	<u>504,465</u>	<u>504,465</u>	<u>505,857</u>	<u>(1,392)</u>
Excess of Receipts Over (Under) Disbursements	<u>(249,465)</u>	<u>(80,465)</u>	<u>(61,888)</u>	<u>18,577</u>
Other Financing Sources:				
Advances In		<u>20,000</u>	<u>20,000</u>	
Net Change in Fund Balance	(249,465)	(60,465)	(41,888)	18,577
Fund Balance Beginning of Year	76,952	76,952	76,952	
Prior Year Encumbrances Appropriated	<u>25,818</u>	<u>25,818</u>	<u>25,818</u>	
Fund Balance End of Year	<u><u>\$ (146,695)</u></u>	<u><u>\$ 42,305</u></u>	<u><u>\$ 60,882</u></u>	<u><u>\$ 18,577</u></u>

See accompanying notes to the basic financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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's is responsible for the provisions of public health, the prevention or restriction of disease and the prevention, abatement and suppression of nuisances.

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

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

B. Component Units

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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, 2014
(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 Public Health Clinic 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. The WIC special revenue fund accounts for grants for the WIC program. The Public Health Clinic special revenue fund accounts for charges for services and intergovernmental revenues used to provide immunization clinics to citizens. 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, 2014
(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 exist or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

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

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. Inventory and Prepaid Items

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 11 and 12, the employer contribution include portions for pension benefits and for postretirement health care benefits.

L. Net Position

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

M. Fund Balance

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

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

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

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

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

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

N. Interfund Transactions

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2014, the District has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

NOTE 4 – 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	WIC Grant	Public Health Clinic
	Cash basis	\$ 281,716	\$ 213,782	\$ 35,763
Adjustment for GASB 54	(12,944)			
Adjustment for encumbrances	(15,007)	(894)	(223)	(1,530)
Budgetary Basis	<u>\$ 253,765</u>	<u>\$ 212,888</u>	<u>\$ 35,540</u>	<u>\$ 60,882</u>

NOTE 5 – 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, 2014, was \$1,086,961. 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 6 – 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 2014 represent the collection of 2013 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 6 – PROPERTY TAXES – (Continued)

The assessed value upon which 2014 taxes were collected was \$1,081,881,240. The full rate for all County operations applied to real property for fiscal year ended December 31, 2014, was \$.50 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

<u>Real Property</u>			
Agricultural/Residential	\$	828,799,000	
Commercial/Industrial/Mineral		177,955,560	
 <u>Public Utility</u>			
Real		713,710	
Personal		74,412,970	
	\$	1,081,881,240	

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 7 – 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 8 – INTERFUND TRANSFERS

During 2014 the following transfers were made:

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

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

NOTE 9 – INTERFUND RECEIVABLES/PAYABLES

During 2014 the following advances were made:

Advances from the General Fund to:	
WIC Fund	\$ 65,800
Public Health Clinic Fund	20,000
Other Governmental Funds	65,400
Total	\$ 151,200

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 9 – INTERFUND RECEIVABLES/PAYABLES – (Continued)

Advances to the General Fund from:	
WIC Fund	\$ 50,800
Other Governmental Funds	60,500
Total	<u>\$ 111,300</u>

The following advances were made and had not been repaid at December 31, 2014:

Due to the General Fund from:	
WIC Fund	\$ 40,400
Public Health Clinic Fund	20,000
Other Governmental Funds	50,400
Total	<u>\$ 110,800</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 10 – 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP). 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, 2013, 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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 10 – RISK MANAGEMENT – (Continued)

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the District's share of these unpaid claims collectible in future years is approximately \$13,000.

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>2014</u>	<u>2013</u>
\$18,229	\$17,655

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

B. Insurance Purchasing Pool

For 2014, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 10 – RISK MANAGEMENT – (Continued)

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 11 – 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/investments/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 2014, member and contribution rates were consistent across all three plans. The 2014 member contribution rate was 10.00 percent for members in State and local classifications. The District contribution rate for 2014 was 14.00 percent of covered payroll.

The District's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.0 percent. The District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 were \$191,849, \$295,352, and, \$318,054, respectively. The full amount has been contributed for 2014, 2013, and 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 12 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursements, to qualifying members of both the Traditional Pension and the Combined Plans. 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.

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. 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that 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 2014, state and local employers contributed 14.0 percent to covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.0 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 healthcare plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$95,924, \$147,676, and \$159,027, respectively; 100 percent has been contributed for 2014, 2013, and 2012.

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, 2014
(Continued)**

NOTE 13 – CONTINGENT LIABILITIES

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

NOTE 14 - OTHER COMMITMENTS

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

Opinion Unit	Year-End Encumbrances
General Fund	\$ 15,007
Board of Health Nursing	894
WIC	223
Public Health Clinic	1,530
Other Governmental Funds	56,644
Total	<u>\$ 74,298</u>

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

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014**

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-0714 72-1-001-1-WA-0815	10.557	\$248,727 71,580
Total U.S. Department of Agriculture			<u>320,307</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	72-1-001-2-PH-0514 72-1-001-2-PH-0615	93.074	44,028 36,641
			<u>80,669</u>
Maternal and Child Health Services Block Grant to the States	72-1-001-1-MC-0714 72-1-001-1-MC-0815	93.994	36,271 21,361
			<u>57,632</u>
Family Planning Services	72-1-001-1-RH-0314 72-1-001-1-RH-0415	93.217	17,667 124,062
			<u>141,729</u>
Drug Free Communities Support Program	5H79-SP013487-09 5H79-SP013487-10	93.276	102,905 18,763
			<u>121,668</u>
Immunization Cooperative Agreements	72-1-001-2-IM-0414	93.268	<u>47,296</u>
<i>Passed Through Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties</i>			
Block Grants for Prevention and Treatment of Substance Abuse	CMMCO-P-14-033 CMMCO-P-15-033	93.959	23,955 15,351
			<u>39,306</u>
Total U.S. Department of Health and Human Services			<u>488,300</u>
Total			<u><u>\$808,607</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, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditure Schedule (the Schedule) reports the 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 \$19,510 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 11, 2015, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

June 11, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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 the Major Federal Program

We have audited the Sandusky County District Board of Health, Sandusky County, Ohio's (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, 2014. 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 the District's major federal program 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, 2014.

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 each 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 internal control over compliance tests 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

June 11, 2015

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS
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(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)?	Yes
(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**

FINDING NUMBER 2014-001

Material Weakness

Financial Reporting

The District's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements that resulted in audit adjustments. The most significant adjustments were as follows:

- Assigned fund balance within the General Fund was improperly accounted for as Unassigned (\$253,765);
- Charges for Services within the Help Me Grow fund were improperly accounted for as Intergovernmental (\$213,034);
- Medicaid payments for home health services within the Nursing Fund were improperly accounted for as Intergovernmental rather than Charges for Services (\$136,338);
- Immunization clinic receipts within the Public Health Clinic Fund were improperly accounted for as Intergovernmental rather than Charges for Services (\$116,348);
- Restricted Net Position was improperly accounted for as Unrestricted on the Government Wide Statement of Net Position (\$24,325).

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

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

Officials' Response:

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

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 25, 2015**