



**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statements of Cash, Investments and Fund Cash Balances – All Fund Types For the Years Ended December 31, 2000 and 1999 .....	3
Combined Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
For the Year Ended December 31, 1999 .....	5
Combined Statements of Receipts – Budget and Actual For the Year Ended December 31, 2000 .....	6
For the Year Ended December 31, 1999 .....	7
Combined Statements of Disbursements Compared with Expenditure Authority For the Year Ended December 31, 2000 .....	8
For the Year Ended December 31, 1999 .....	8
Notes to the Financial Statements .....	11
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17

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## REPORT OF INDEPENDENT ACCOUNTS

District Board of Health  
Ottawa County  
1856 East Perry Street  
Port Clinton, Ohio 43452-4200

To the Members of the Board:

We have audited the accompanying financial statements of the Ottawa County District Board of Health (the District) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash and fund cash balances of the District as of December 31, 2000 and 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Health, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 22, 2001

**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH AND  
FUND CASH BALANCES - ALL FUND TYPES  
AS OF DECEMBER 31, 1999 AND 2000**

	<u>2000</u>	<u>1999</u>
<b>Cash</b>		
Funds on Deposit with County Treasurer	<u>\$2,250,805</u>	<u>\$1,894,340</u>

**FUND CASH BALANCES BY FUND TYPE**

**Governmental Fund Types:**

General Fund	\$484,586	\$402,843
Special Revenue Fund	<u>1,766,219</u>	<u>1,491,497</u>
Total	<u>\$2,250,805</u>	<u>\$1,894,340</u>

*The notes to the financial statements are an integral part of this statement.*

**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Taxes	\$255,000		\$255,000
Charges for Services	130,610	\$851,842	982,452
Licenses and Permits		107,572	107,572
Fines and Forfeitures	61,336		61,336
Intergovernmental Receipts	42,463	236,716	279,179
Other Receipts	15,867	62,202	78,069
	<u>505,276</u>	<u>1,258,332</u>	<u>1,763,608</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements</b>			
Salaries	247,629	611,896	859,525
Supplies	36,870	32,298	69,168
Equipment	5,238	5,129	10,367
Contract-Repairs	5,820		5,820
Contract-Services	41,032	93,333	134,365
Rentals	15,200	43,142	58,342
Travel Expenses			
Remittance - State		21,501	21,501
Advertising and Printing	4,182	1,428	5,610
Public Employee's Retirement	29,729	73,431	103,160
Worker's Compensation and DWR	1,327	3,302	4,629
Unemployment Compensation	1,062		1,062
State of Ohio Portion of Permit Fee		2,538	2,538
State of Ohio Testing Fee		3,106	3,106
Program Expenses		670	670
Other Expenses	38,833	91,836	130,669
	<u>426,922</u>	<u>983,610</u>	<u>1,410,532</u>
<b>Total Cash Disbursements</b>			
Excess of Cash Receipts Over Cash Disbursements	78,354	274,722	353,076
<b>Other Financing Sources</b>			
Refunds	3,389		3,389
<b>Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements</b>			
	81,743	274,722	356,465
Fund Cash Balance at January 1, 2000	402,843	1,491,497	1,894,340
<b>Fund Cash Balance at December 31, 2000</b>	<b><u><u>\$484,586</u></u></b>	<b><u><u>\$1,766,219</u></u></b>	<b><u><u>\$2,250,805</u></u></b>

*The notes to the financial statements are an integral part of this statement.*



**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Taxes	\$255,100		\$255,100
Charges for Services	72,317	\$914,166	986,483
Licenses and Permits	44,291	117,134	161,425
Intergovernmental Receipts	95,064	128,352	223,416
Other Receipts	21,952	86,280	108,232
	<u>488,724</u>	<u>1,245,932</u>	<u>1,734,656</u>
<b>Cash Disbursements</b>			
Salaries	259,080	590,662	849,742
Supplies	39,078	28,080	67,158
Equipment	6,453		6,453
Contract-Repairs	5,300		5,300
Contract-Services	23,608	88,437	112,045
Travel Expenses	12,743	44,632	57,375
Remittance State		20,705	20,705
Advertising and Printing	9,896	467	10,363
Public Employee's Retirement	34,290	80,337	114,627
Worker's Compensation and DWR	6,166	14,175	20,341
Unemployment Compensation			
State of Ohio Portion of Permit Fee		3,713	3,713
State of Ohio Testing Fee		2,960	2,960
Project Fund Expenses		1,662	1,662
Other Expenses	41,708	97,183	138,891
	<u>438,322</u>	<u>973,013</u>	<u>1,411,335</u>
Excess of Cash Receipts Over Cash Disbursements	50,402	272,919	323,321
<b>Other Financing Sources</b>			
Refunds	1,106		1,106
Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements	51,508	272,919	324,427
Fund Cash Balance at January 1, 1999	<u>351,335</u>	<u>1,218,578</u>	<u>1,569,913</u>
<b>Fund Cash Balance at December 31, 1999</b>	<b><u><u>\$402,843</u></u></b>	<b><u><u>\$1,491,497</u></u></b>	<b><u><u>\$1,894,340</u></u></b>

*The notes to the financial statements are an integral part of this statement.*

**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**COMBINED STATEMENT OF RECEIPTS  
BUDGET AND ACTUAL  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>December 31, 2000</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Governmental Fund Types:</b>			
General Fund	\$1,163,800	\$508,665	(\$655,135)
Special Revenue Funds	964,797	1,258,332	293,535
Totals (Memorandum Only)	\$2,128,597	\$1,766,997	(\$361,600)

*The notes to the financial statements are an integral part of this statement.*

**December 31, 1999**

<u>Budget</u>	<u>Actual</u>	<b>Variance: Favorable (Unfavorable)</b>
\$1,642,170	\$489,830	(\$1,152,340)
<u>1,341,125</u>	<u>1,245,932</u>	<u>(95,193)</u>
<b><u>\$2,983,295</u></b>	<b><u>\$1,735,762</u></b>	<b><u>(\$1,247,533)</u></b>

**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	December 31, 2000		
	Prior Year Carryover	2000	Total
	Appropriations	Appropriations	
<b>Governmental Fund Type:</b>			
General Fund	\$52,662	\$1,493,800	\$1,546,462
Special Revenue Funds	750	998,164	998,914
<b>Totals (Memorandum Only)</b>	<b>\$53,412</b>	<b>\$2,491,964</b>	<b>\$2,545,376</b>

	December 31, 1999		
	Prior Year Carryover	1999	Total
	Appropriations	Appropriations	
<b>Governmental Fund Type:</b>			
General Fund	\$26,061	\$1,445,250	\$1,471,311
Special Revenue Funds	18,230	993,078	1,011,308
<b>Totals (Memorandum Only)</b>	<b>\$44,291</b>	<b>\$2,438,328</b>	<b>\$2,482,619</b>

*The notes to the financial statements are an integral part of this statement.*

<b>Actual 2000 Disbursements</b>	<b>Encumbrances Outstanding at 12/31/00</b>	<b>Total</b>	<b>Variance: Favorable (Unfavorable)</b>
\$426,922	\$42,360	\$469,282	\$1,077,180
983,610	1,320	984,930	13,984
<b><u>\$1,410,532</u></b>	<b><u>\$43,680</u></b>	<b><u>\$1,454,212</u></b>	<b><u>\$1,091,164</u></b>

<b>Actual 1999 Disbursements</b>	<b>Encumbrances Outstanding at 12/31/99</b>	<b>Total</b>	<b>Variance: Favorable (Unfavorable)</b>
\$438,322	\$52,662	\$490,984	\$980,327
973,013	750	973,763	37,545
<b><u>\$1,411,335</u></b>	<b><u>\$53,412</u></b>	<b><u>\$1,464,747</u></b>	<b><u>\$1,017,872</u></b>

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**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(As Required by Various Statutes)**

**A. Description of the Entity**

The Ottawa County District Board of Health (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under the direction of a five-member Board. The Ottawa County Auditor is the fiscal agent responsible for financial statement preparation and the Ottawa County Treasurer has fiscal control of the resources of the District which are maintained in the funds described below. Services provided by the District include trailer park licenses, marina licenses, campground licenses, food service and vending licenses, water well and sewage permits, vital statistics, child and family health services, hospice, and public health and home health services.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

**General Fund** – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**Special Revenue Funds** – Special revenue funds account for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**D. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

An appropriation measure is adopted by the District on or before the first Monday of April in each year for the period January 1 to December 31 of the following year. The appropriation measure, together with an itemized estimate of the sources of revenue available to the District for the next fiscal year, is submitted to the county auditor, who in turn submits it to the county budget commission.

The county budget commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate amount of all items in the appropriation measure.

The appropriation measure, as amended by the county budget commission, controls expenditures by the District for the period January 1 to December 31 of the following year. The District may, by resolution, transfer funds from one item to another in the appropriation measure, reduce or increase any item, create new items, and make additional appropriations or reduce total appropriations, subject to the availability of funds and to the approval of the county budget commission.

**2. Estimated Resources**

The county auditor calculates the estimated tax revenues available to the District. A certificate of estimated resources is prepared based upon this calculation and upon other financial information supplied in the budget sent by the District.

**3. Encumbrances**

The District is required by Ohio Law to use the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the budgetary equivalent of expenditures to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being reappropriated.

**E. Property, Plant and Equipment**

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



**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**F. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as liabilities under the cash basis of accounting used by the District.

**G. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. POOLED CASH AND INVESTMENTS**

The Ottawa County Auditor acts as fiscal officer and the Ottawa County Treasurer acts as custodian of the monies of the District. Ottawa County maintains a cash and investment pool used by all funds of Ottawa County and includes custodial funds for which the Ottawa County Treasurer is custodian. It is impracticable at this time to differentiate the District monies from the County's cash and investment pool, and therefore disclosure of pooled cash and investments has only been made in the Ottawa County financial condition audit report.

**3. RISK MANAGEMENT**

The Ottawa County Commissioners maintain comprehensive insurance coverage as a member of a pooled insurance agreement with County Risk Sharing Authority (CORSA). The pool purchases excess insurance to supplement the pool funds. Coverage includes comprehensive insurance coverage for real property, building contents, and vehicles. The District also maintains liability insurance coverage as a member of a pooled insurance agreement with the Public Entities Pool (PEP).

**4. RETIREMENT COMMITMENTS**

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. The District's PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The District has paid all contributions required through December 31, 2000.

**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT SERVICE**

Ottawa County loaned the District \$70,000 on October 18, 1995 for the purpose of purchasing equipment. The terms of the loan are 4% interest payable for a period of ten years. As of December 31, 2000, the amount of the loan remaining outstanding is \$38,000.

The annual requirements to amortize the loan outstanding as of December 31, 2000, including interest payments of \$4, 680 are as follows:

Year Ending December 31	County Loan
2001	\$8,520
2002	8,240
2003	8,960
2004	8,640
2005	8,320
Total	<u>\$42,680</u>



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

District Board of Health  
Ottawa County  
1856 East Perry Street  
Port Clinton, Ohio 43452-4200

To the Members of the Board:

We have audited the financial statements of the Ottawa County District Board of Health (the District) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 22, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 22, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-60162-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 22, 2001.

This report is intended for the information and use of management and the Board of Health, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 22, 2001

**DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-60162-001**

**Reportable Condition - Special Revenue Fund Expenditures**

Special revenue funds are to be used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District makes all of its expenditures from the general fund. At the end of each fiscal year, the District reviews the expenditures and determines the amount which should be allocated from each of its special revenue funds. A transfer is made from each special fund to the general fund for reimbursement. These reimbursements are not always supported by the accounting records and are recorded as transfers from the special revenue funds. The reimbursements are based on estimates of the current year expenses by the Health Commissioner.

Management was advised that failure to properly document the transfers from these various special revenue funds to the general fund could result in the District's general fund to be over and/or under reimbursed for the services provided. This could further result in material misstatement of financial statements if management does not change or implement proper procedures to correct this deficiency.

We recommend that the District make expenditures directly from the special revenue funds.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**OTTAWA COUNTY DISTRICT BOARD OF HEALTH**

**OTTAWA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2001**