

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

**FINANCIAL STATEMENTS  
(AUDITED)**

**FOR THE YEARS ENDED  
DECEMBER 31, 2012 AND 2011**

**NANCY C. OSBORN, RN, MPA - HEALTH COMMISSIONER**





# Dave Yost • Auditor of State

Ottawa County District Board of Health  
1856 E. Perry Street  
Port Clinton, Ohio 43452

We have reviewed the *Independent Auditors' Report* of the Ottawa County District Board of Health, Ottawa County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ottawa County District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 11, 2013

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**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Ottawa County District Board of Health  
1856 E. Perry Street  
Port Clinton, Ohio 43452

To the Board of Health:

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Ottawa County District Board of Health, Ottawa County, Ohio, as of and for the years ended December 31, 2012 and 2011.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements 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 Ottawa County District Board of Health'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 Ottawa County District Board of Health'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 opinion.

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Ottawa County District Board of Health prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Ottawa County District Board of Health as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Ottawa County District Board of Health, Ottawa County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 2.

***Emphasis of Matters***

As discussed in Note 8 to the financial statements, during 2011, the Ottawa County District Board of Health adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, on our consideration of the Ottawa County District Board of Health'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 Ottawa County District Board of Health's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 24, 2013

**OTTAWA DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash receipts:</b>			
Federal Awards	\$ -	\$ 252,169	\$ 252,169
Subdivisions	324,000	-	324,000
Intergovernmental	7,747	12,550	20,297
Inspection Fees	13,185	-	13,185
Licenses and Permits	525	169,053	169,578
Charges for Services	48,627	801,341	849,968
Other Fees	-	12,275	12,275
Fines	-	1,238	1,238
Contractual Services	83,000	20,473	103,473
Miscellaneous	8,535	24,299	32,834
<b>Total cash receipts</b>	<b>485,619</b>	<b>1,293,398</b>	<b>1,779,017</b>
<b>Cash disbursements:</b>			
<b>Current:</b>			
Salaries	234,641	633,145	867,786
Fringe Benefits	86,078	227,859	313,937
Supplies	3,727	60,750	64,477
Remittances to State	-	40,417	40,417
Equipment	-	601	601
Contracts - Services	25,054	152,569	177,623
Advertising and Printing	519	2,062	2,581
Travel	18,932	39,454	58,386
Rentals	34,118	-	34,118
Other	34,297	5,509	39,806
<b>Total cash disbursements</b>	<b>438,616</b>	<b>1,162,366</b>	<b>1,600,982</b>
Excess of receipts over/(under) disbursements	47,003	131,032	178,035
<b>Other financing receipts/(disbursements):</b>			
Operating transfers in	104,337	144,500	248,837
Operating transfers out	(94,500)	(154,337)	(248,837)
<b>Total other financing receipts/(disbursements)</b>	<b>9,837</b>	<b>(9,837)</b>	<b>-</b>
Net change in fund cash balances	56,840	121,195	178,035
Fund cash balances, December 31,	499,021	3,307,809	3,806,830
Restricted	-	3,429,004	3,429,004
Assigned	19,440	-	19,440
Unassigned	536,421	-	536,421
<b>Fund cash balances, December 31, 2012</b>	<b>\$ 555,861</b>	<b>\$ 3,429,004</b>	<b>\$ 3,984,865</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**OTTAWA DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash receipts:</b>			
Federal Awards	\$ -	\$ 258,395	\$ 258,395
Subdivisions	324,000	-	324,000
Intergovernmental	7,198	12,550	19,748
Inspection Fees	9,425	-	9,425
Licenses and Permits	908	199,825	200,733
Charges for Services	41,499	926,216	967,715
Other Fees	-	7,425	7,425
Fines	100	1,207	1,307
Contractual Services	46,341	11,614	57,955
Miscellaneous	6,502	8,897	15,399
<b>Total cash receipts</b>	<b>435,973</b>	<b>1,426,129</b>	<b>1,862,102</b>
<b>Cash disbursements:</b>			
<b>Current:</b>			
Salaries	238,112	671,969	910,081
Fringe Benefits	89,488	240,782	330,270
Supplies	3,545	68,971	72,516
Remittances to State	-	49,186	49,186
Equipment	-	12,557	12,557
Contracts - Repair	1,747	-	1,747
Contracts - Services	25,302	151,558	176,860
Advertising and Printing	11	1,364	1,375
Travel	19,027	42,606	61,633
Rentals	34,924	-	34,924
Other	36,259	13,449	49,708
<b>Total cash disbursements</b>	<b>448,415</b>	<b>1,252,442</b>	<b>1,700,857</b>
Excess of receipts over/(under) disbursements	(12,442)	173,687	161,245
<b>Other financing receipts/(disbursements):</b>			
Operating transfers in	83,700	226,988	310,688
Operating transfers out	(153,000)	(157,688)	(310,688)
<b>Total other financing receipts/(disbursements)</b>	<b>(69,300)</b>	<b>69,300</b>	<b>-</b>
Net change in fund cash balances	(81,742)	242,987	161,245
Fund cash balances, December 31,	580,763	3,064,822	3,645,585
Restricted	-	3,307,809	3,307,809
Assigned	209,397	-	209,397
Unassigned	289,624	-	289,624
Fund cash balances, December 31, 2011	<u>\$ 499,021</u>	<u>\$ 3,307,809</u>	<u>\$ 3,806,830</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The constitution and laws of the State of Ohio establish the rights and privileges of the Ottawa District Board of Health, Ottawa County, (the "District") as a body corporate and politic. The District is a combined Board of Health as defined by Section 3709.07 of the Revised Code. The District is the union of the city health department of Port Clinton and the Ottawa County General Board of Health. The District operates under the direction of a six-member appointed Board of Health with five members appointed by the District Advisory Council with one member being a resident of the City of Port Clinton, and one member appointed by the District Licensing Council. This District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, home health services, various clinics, and issues environmental health-related licenses and permits. The Ottawa County Auditor acts as fiscal agent for the District and the Ottawa 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**B. DEPOSITS AND INVESTMENTS**

As required by the Ohio Revised Code, the Ottawa County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

**C. FUND ACCOUNTING**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**General Fund**

The General fund accounts for and reports all financial resources not accounted for and reported in another fund.

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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

Special Revenue Fund Type

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The District had the following significant Special Revenue fund:

*Home Health Fund* - This fund receives fees for providing home nursing services to elderly and homebound persons.

D. BUDGETARY PROCESS

The Ohio Revised Code required the District to budget each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be appropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

E. FUND BALANCE

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

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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

**1. Nonspendable**

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**3. Committed**

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General fund report all fund balances as *assigned* unless they are restricted or committed. In the General fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the General fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

**F. PROPERTY, PLANT AND EQUIPMENT**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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

**G. ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**NOTE 3 - BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 477,100	\$ 589,956	\$ 112,856
Special Revenue	<u>1,488,260</u>	<u>1,437,898</u>	<u>(50,362)</u>
Total	<u>\$ 1,965,360</u>	<u>\$ 2,027,854</u>	<u>\$ 62,494</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 686,497	\$ 533,116	\$ 153,381
Special Revenue	<u>1,362,341</u>	<u>1,316,703</u>	<u>45,638</u>
Total	<u>\$ 2,048,838</u>	<u>\$ 1,849,819</u>	<u>\$ 199,019</u>

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 475,000	\$ 519,673	\$ 44,673
Special Revenue	<u>1,551,117</u>	<u>1,653,117</u>	<u>102,000</u>
Total	<u>\$ 2,026,117</u>	<u>\$ 2,172,790</u>	<u>\$ 146,673</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 618,118	\$ 601,415	\$ 16,703
Special Revenue	<u>1,420,378</u>	<u>1,410,130</u>	<u>10,248</u>
Total	<u>\$ 2,038,496</u>	<u>\$ 2,011,545</u>	<u>\$ 26,951</u>

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 - INTERGOVERNMENTAL FUNDING**

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities 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 subdivisions and intergovernmental receipts.

**NOTE 5 - RETIREMENT SYSTEM**

Retirement Rates	Year	Member Rate	Employer Rate
PERS - Local	2011 - 2012	10%	14%

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% and 10%, respectively, of their gross salaries and the District contributed an amount equaling 14% and 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2012.

**NOTE 6 - RISK MANAGEMENT**

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), which is also administered by ARPCO. Member Districts 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, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

**NOTE 6 - RISK MANAGEMENT - (Continued)**

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 District.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available).

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$4,200.

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>2012</u>	<u>2011</u>	<u>2010</u>
\$5,072	\$ 4,568	\$4,738

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

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH  
OTTAWA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

**NOTE 7 - CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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 8 - CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which are described in Note 2.E.





**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Required by *Government Auditing Standards***

Ottawa County District Board of Health  
1856 E. Perry Street  
Port Clinton, Ohio 43452

To the Board of Health:

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 Ottawa County District Board of Health, Ottawa County, Ohio, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 24, 2013 wherein we noted the Ottawa County District Board of Health followed accounting financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 2. In addition, as discussed in Note 8, we noted that in 2011, the Ottawa County District Board of Health adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or 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 Ottawa County District Board of Health'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.

Members of the Board of Health  
Ottawa County District Board of Health

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

***Compliance and Other Matters***

As part of reasonably assuring whether the Ottawa County District Board of Health'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 Ottawa County District Board of Health's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Ottawa County District Board of Health's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
May 24, 2013



# Dave Yost • Auditor of State

**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  
JUNE 25, 2013**