



**Auditor of State
Betty Montgomery**

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

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**Auditor of State
Betty Montgomery**

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

To the Board of Health:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 26, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Health:

We have audited the accompanying financial statements of the Ottawa District Board of Health, Ottawa County, (the District) as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following

paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Ottawa District Board of Health, Ottawa County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.



Betty Montgomery
Auditor of State

September 26, 2005

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards		\$260,266	\$260,266
Subdivisions	\$255,000		255,000
Intergovernmental	11,859	53,239	65,098
Inspection fees	24,535		24,535
Licenses and Permits	24,680	147,455	172,135
Fees	42,386	842,998	885,384
Fines	58	683	741
Contractual services	213,489		213,489
Other Revenue	5,471	38,722	44,193
Total Cash Receipts	<u>577,478</u>	<u>1,343,363</u>	<u>1,920,841</u>
Cash Disbursements:			
Salaries	24,704	1,100,594	1,125,298
Supplies	42,272	63,322	105,594
Remittances to State		29,590	29,590
Equipment	11,258	39,617	50,875
Contracts - Repair	3,857	77	3,934
Contracts - Services	22,367	107,257	129,624
Water Lab Fees		7,260	7,260
Travel	26,832	43,530	70,362
Advertising and printing	2,405	4,947	7,352
Public employee's retirement	151,096		151,096
Worker's compensation	48,681		48,681
Unemployment compensation	153,333		153,333
Life Insurance	1,743		1,743
Medicare	13,235		13,235
Other	4,166	40,374	44,540
Total Disbursements	<u>505,949</u>	<u>1,436,568</u>	<u>1,942,517</u>
Total Receipts Over/(Under) Disbursements	<u>71,529</u>	<u>(93,205)</u>	<u>(21,676)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	106,743	208,657	315,400
Transfers-Out	(29,938)	(285,462)	(315,400)
Refunds	1,784		1,784
Total Other Financing Receipts/(Disbursements)	<u>78,589</u>	<u>(76,805)</u>	<u>1,784</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	150,118	(170,010)	(19,892)
Fund Cash Balances, January 1	<u>821,555</u>	<u>2,164,063</u>	<u>2,985,618</u>
Fund Cash Balances, December 31	<u>\$971,673</u>	<u>\$1,994,053</u>	<u>\$2,965,726</u>
Reserves for Encumbrances, December 31	<u>\$43,591</u>	<u>\$2,362</u>	<u>\$45,953</u>

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

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards		\$319,316	\$319,316
Subdivisions	\$255,000		255,000
Intergovernmental	11,864	18,899	30,763
Inspection fees	10,535		10,535
Licenses and Permits	43,195	114,911	158,106
Fees	32,916	784,667	817,583
Other fees		27,106	27,106
Fines	244		244
Contractual services	260,094		260,094
Other Revenue	16,844	37,111	53,955
Total Cash Receipts	<u>630,692</u>	<u>1,302,010</u>	<u>1,932,702</u>
Cash Disbursements:			
Salaries	104,509	913,740	1,018,249
Supplies	49,576	60,344	109,920
Remittances to State		30,247	30,247
Equipment	2,660	23,715	26,375
Contracts - Repair	6,284	1,692	7,976
Contracts - Services	18,276	120,165	138,441
Water Lab Fees		5,740	5,740
Travel	26,393	38,302	64,695
Advertising and printing	2,854	2,104	4,958
Public employee's retirement	157,134		157,134
Worker's compensation	25,898		25,898
Unemployment compensation	139,772		139,772
Life Insurance	1,704		1,704
Medicare	11,924		11,924
Other	1,263	55,741	57,004
Total Disbursements	<u>548,247</u>	<u>1,251,790</u>	<u>1,800,037</u>
Total Receipts Over/(Under) Disbursements	<u>82,445</u>	<u>50,220</u>	<u>132,665</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	315,315	151,922	467,237
Transfers-Out	(38,115)	(429,122)	(467,237)
Refunds	64		64
Total Other Financing Receipts/(Disbursements)	<u>277,264</u>	<u>(277,200)</u>	<u>64</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>359,709</u>	<u>(226,980)</u>	<u>132,729</u>
Fund Cash Balances, January 1	<u>461,846</u>	<u>2,391,043</u>	<u>2,852,889</u>
Fund Cash Balances, December 31	<u>\$821,555</u>	<u>\$2,164,063</u>	<u>\$2,985,618</u>
Reserves for Encumbrances, December 31	<u>\$28,822</u>	<u>\$4,034</u>	<u>\$32,856</u>

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

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ottawa District Board of Health, Ottawa County, (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 a combined Board of Health as defined by §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.

The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services 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.

B. Basis of Accounting

These financial statements follow the basis of accounting 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 adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

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

D. 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:

1. General Fund

The General Fund accounts for all financial resources except those restricted by law or contract.

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant special revenue fund:

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

E. Budgetary Process

The Ohio Revised Code requires 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 Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. 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.

3. Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 2.

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.

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.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$476,500	\$686,005	\$209,505
Special Revenue	1,165,900	1,552,020	386,120
Total	<u>\$1,642,400</u>	<u>\$2,238,025</u>	<u>\$595,625</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,969,403	\$579,478	\$1,389,925
Special Revenue	1,898,878	1,724,392	174,486
Total	<u>\$3,868,281</u>	<u>\$2,303,870</u>	<u>\$1,564,411</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$634,989	\$946,071	\$311,082
Special Revenue	2,060,628	1,453,932	(606,696)
Total	<u>\$2,695,617</u>	<u>\$2,400,003</u>	<u>(\$295,614)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,841,580	\$615,184	\$1,226,396
Special Revenue	1,929,859	1,684,946	244,913
Total	<u>\$3,771,439</u>	<u>\$2,300,130</u>	<u>\$1,471,309</u>

The District did not certify all expenditures prior to the purchase commitment as required by Ohio Law.

3. 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 intergovernmental receipts.

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. DEBT

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, 2004, the amount of the loan remaining is \$8,000.

The balance of the loan, including interest of \$320, is due December 31, 2005.

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Risk Pool Membership

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

Financial Position

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

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

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**Auditor of State
Betty Montgomery**

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

Ottawa 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 District Board of Health, Ottawa County, (the District) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 26, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine 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 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 Government's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated September 26, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-002.

We intend this report solely for the information and use of the audit committee, management, and the Board of Health. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 26, 2005

**OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Reportable Condition

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. Twice a 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.

At our request, the District attempted to document the expenditures that should have been paid from the special revenue funds. This resulted in documented expenditures exceeding the transfers in some funds and less than the amount transferred in other funds. Adjustments were made to the financial statements to reflect the expenditures documented. The District was also given adjustments for the differences in order to properly state the special revenue fund balances.

We recommend that the District make expenditures directly from the special revenue funds. If this is not possible then any transfers for reimbursement should be adequately documented.

FINDING NUMBER 2004-002

Noncompliance

Ohio Revised Code § 5705.41 (D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**FINDING NUMBER 2004-002
(Continued)**

- A. “Then and Now” certificate** - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that she is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$1,000 (\$3,000 after April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

- B. Blanket Certificate** – Fiscal officers may prepare “blanket certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority after September 26, 2003) against any specific line item account over a period not exceeding three month or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any particular line item appropriation.
- C. Super Blanket Certificate** – The taxing authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year (or quarterly spending plan for counties). More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District did not properly certify 25% of expenditures tested prior to the purchase commitment and there was no evidence the District followed the aforementioned exceptions for these transactions. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the taxing authority's funds exceeding budgetary spending limitations, we recommend that the District certify that the funds are or will be available prior to obligation by the taxing authority. When prior certification is not possible, “then and now” certification should be used.

We recommend the taxing authority certify purchases to which § 5704.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the taxing authority incurs the commitment, and only when the requirements of § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

OTTAWA DISTRICT BOARD OF HEALTH
OTTAWA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2002-001	Special Revenue Fund expenditures are not made directly from each fund. Transfers are made at the end of the fiscal year to reimburse the General fund.	No	Not corrected. Reissued in this report as finding 2004-001.



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**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
NOVEMBER 10, 2005**