

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

**FINANCIAL STATEMENTS  
(AUDITED)**

**FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ottawa County District Board of Health, Ottawa County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 24, 2011

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

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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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:

We have audited the accompanying financial statements of the Ottawa District Board of Health, Ottawa County, Ohio, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Ottawa District Board of Health's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Ottawa District Board of Health 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.

Instead of combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting Ottawa District Board of Health's larger (i.e. major) funds separately. While the Ottawa District Board of Health does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Ottawa District Board of Health to reformat their statements. The Ottawa District Board of Health has elected not to follow GAAP statement formatting requirements. 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 pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditor's Report  
Ottawa County District Board of Health  
Page Two

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Ottawa District Board of Health, Ottawa County, Ohio, as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Ottawa District Board of Health, Ottawa County, Ohio, as of December 31, 2010 and 2009 and its combined cash receipts and cash disbursements for the years then ended on the accounting basis Note 2 describes.

The Ottawa District Board of Health 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 May 23, 2011, on our consideration of the Ottawa 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. 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 audit.



Julian & Grube, Inc.  
May 23, 2011



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

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 3,645,585	\$ 3,455,768
Total Cash and Cash Equivalents	<u>\$ 3,645,585</u>	<u>\$ 3,455,768</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 580,763	\$ 550,505
Special Revenue Funds	<u>3,064,822</u>	<u>2,905,263</u>
Total Governmental Fund Types	<u>3,645,585</u>	<u>3,455,768</u>
Total Fund Balances	<u>\$ 3,645,585</u>	<u>\$ 3,455,768</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash receipts:</b>			
Federal Awards	\$ -	\$ 404,785	\$ 404,785
Subdivisions	324,000	-	324,000
Intergovernmental	7,177	10,749	17,926
Inspection Fees	10,540	-	10,540
Licenses and Permits	700	196,124	196,824
Charges for Services	40,200	984,076	1,024,276
Other Fees	-	10,375	10,375
Fines	182	1,834	2,016
Contractual Services	42,437	17,089	59,526
Miscellaneous	2,031	19,566	21,597
<b>Total cash receipts</b>	<b>427,267</b>	<b>1,644,598</b>	<b>2,071,865</b>
<b>Cash disbursements:</b>			
<b>Current:</b>			
Salaries	267,925	724,696	992,621
Fringe Benefits	80,931	228,785	309,716
Supplies	1,369	69,269	70,638
Remittances to State	-	49,524	49,524
Equipment	-	12,884	12,884
Contracts - Services	27,059	146,196	173,255
Advertising and Printing	843	1,157	2,000
Travel	17,493	39,488	56,981
Rentals	34,861	-	34,861
Other	33,028	146,540	179,568
<b>Total cash disbursements</b>	<b>463,509</b>	<b>1,418,539</b>	<b>1,882,048</b>
<b>Total cash receipts over/(under) cash disbursements</b>	<b>(36,242)</b>	<b>226,059</b>	<b>189,817</b>
<b>Other financing receipts/(disbursements):</b>			
Operating transfers in	171,000	246,581	417,581
Operating transfers out	(104,500)	(313,081)	(417,581)
<b>Total other financing receipts/(disbursements)</b>	<b>66,500</b>	<b>(66,500)</b>	<b>-</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>30,258</b>	<b>159,559</b>	<b>189,817</b>
<b>Cash fund balances, January 1, 2010</b>	<b>550,505</b>	<b>2,905,263</b>	<b>3,455,768</b>
<b>Cash fund balances, December 31, 2010</b>	<b>\$ 580,763</b>	<b>\$ 3,064,822</b>	<b>\$ 3,645,585</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 CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash receipts:</b>			
Federal Awards	\$ -	\$ 348,754	\$ 348,754
Subdivisions	324,000	-	324,000
Intergovernmental	11,763	10,750	22,513
Inspection Fees	7,260	4,940	12,200
Licenses and Permits	400	175,715	176,115
Charges for Services	32,940	969,044	1,001,984
Other Fees	-	13,025	13,025
Fines	26	1,648	1,674
Contractual Services	53,169	36,700	89,869
Miscellaneous	2,728	24,841	27,569
<b>Total cash receipts</b>	<b>432,286</b>	<b>1,585,417</b>	<b>2,017,703</b>
<b>Cash disbursements:</b>			
<b>Current:</b>			
Salaries	258,706	810,272	1,068,978
Fringe Benefits	76,392	220,642	297,034
Supplies	409	71,200	71,609
Remittances to State	-	44,875	44,875
Equipment	-	10,785	10,785
Contracts - Repair	2,580	212	2,792
Contracts - Services	23,043	163,809	186,852
Advertising and Printing	755	1,083	1,838
Travel	20,490	42,285	62,775
Rentals	30,544	-	30,544
Other	45,453	8,507	53,960
<b>Total cash disbursements</b>	<b>458,372</b>	<b>1,373,670</b>	<b>1,832,042</b>
<b>Total cash receipts over/(under) cash disbursements</b>	<b>(26,086)</b>	<b>211,747</b>	<b>185,661</b>
<b>Other financing receipts/(disbursements):</b>			
Operating transfers in	125,000	268,000	393,000
Operating transfers out	(118,000)	(275,000)	(393,000)
<b>Total other financing receipts/(disbursements)</b>	<b>7,000</b>	<b>(7,000)</b>	<b>-</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>(19,086)</b>	<b>204,747</b>	<b>185,661</b>
<b>Cash fund balances, January 1, 2009</b>	<b>569,591</b>	<b>2,700,516</b>	<b>3,270,107</b>
<b>Cash fund balances, December 31, 2009</b>	<b>\$ 550,505</b>	<b>\$ 2,905,263</b>	<b>\$ 3,455,768</b>

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, 2010 AND 2009**

**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. BASIS OF PRESENTATION - 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

Special Revenue Fund Type

These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. 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.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the District's Board of Health.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the District by September 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the District determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal level of control and appropriations may not exceed estimated resources. The Board of Health 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.

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

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

*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 re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**D. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the District's funds. Instead, capital acquisition and construction costs are reflected as disbursements in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the District.

**E. 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.

**F. TOTAL COLUMNS ON THE FINANCIAL STATEMENTS**

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

**NOTE 3 - BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 528,283	\$ 598,267	\$ 69,984
Special Revenue	1,805,494	1,891,179	85,685
Total	\$ 2,333,777	\$ 2,489,446	\$ 155,669

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

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 3 - BUDGETARY ACTIVITY - (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 717,459	\$ 568,009	\$ 149,450
Special Revenue	1,861,279	1,731,620	129,659
Total	\$ 2,578,738	\$ 2,299,629	\$ 279,109

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 534,290	\$ 557,286	\$ 22,996
Special Revenue	1,624,283	1,853,417	229,134
Total	\$ 2,158,573	\$ 2,410,703	\$ 252,130

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 842,903	\$ 576,372	\$ 266,531
Special Revenue	1,746,209	1,648,670	97,539
Total	\$ 2,589,112	\$ 2,225,042	\$ 364,070

**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**

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

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

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 5 - RETIREMENT SYSTEM - (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For both 2010 and 2009, members of OPERS participants contributed 10% of their wages, respectively. For both 2010 and 2009, the District contributed an amount equal to 14% of their wages to OPERS. The District has paid all contributions required through December 31, 2010 and 2009.

**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. 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

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Districts can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

The Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverage's to the Pools.



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

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2010 and 2009, respectively, liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims is approximately \$6,000.

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.

**Contributions to PEP**

2010	\$ 4,568
2009	4,739
2008	4,838

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

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

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.

**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.



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

*Serving Ohio Local Governments*

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

### **Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *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 the financial statements of the Ottawa District Board of Health, Ottawa County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 23, 2011, wherein we noted the Ottawa District Board of Health followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit 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 audit, we considered the Ottawa District Board of Health's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Ottawa District Board of Health's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Ottawa District Board of Health's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Ottawa District Board of Health's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Health  
Ottawa County District Board of Health

Compliance and Other Matters

As part of reasonably assuring whether the Ottawa 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
May 23, 2011

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2008-001	<u>Material Weakness - Financial Reporting</u> - Failure to properly document transfers from various Special Revenue Funds to the General Fund could result in the General Fund to be over and/or under reimbursed for services provided.	Yes	N/A
2008-002	Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate is signed by the Fiscal Officer.	Yes	N/A

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# 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  
JULY 7, 2011