



OHIO AUDITOR OF STATE
KEITH FABER



**OTTAWA COUNTY DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020	5
Notes to the Financial Statements For the Year Ended December 31, 2020.....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019	12
Notes to the Financial Statements For the Year Ended December 31, 2019.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings.....	21
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	23

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Ottawa County District Board of Health, Ottawa County, Ohio (the District).

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the District 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 District, as of December 31, 2020 and 2019, and the respective changes in financial position thereof 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 cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements and in Note 10 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 29, 2021

This page intentionally left blank.

Ottawa County District Board of Health
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Charges for Services	\$181,424	\$366,515		\$547,939
Fines, Licenses and Permits	2,196	281,867		284,063
Intergovernmental:				
Apportionments	384,000			384,000
Grants	296,086	632,929		929,015
Miscellaneous	34,469	889		35,358
<i>Total Cash Receipts</i>	<u>898,175</u>	<u>1,282,200</u>		<u>2,180,375</u>
Cash Disbursements				
Current:				
Health:				
Salaries	271,184	659,441		930,625
Fringe Benefits	84,254	245,181		329,435
Supplies	6,784	97,310		104,094
Equipment	20,130	275		20,405
Contracts - Services	20,287	245,345		265,632
Advertising and Printing	191			191
Travel	9,455	15,536		24,991
Rent	21,748			21,748
State Remittance	27,151	38,278		65,429
State of Ohio Water Testing Fee		1,799		1,799
Other Expenses	16,045	1,657		17,702
<i>Total Cash Disbursements</i>	<u>477,229</u>	<u>1,304,822</u>		<u>1,782,051</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>420,946</u>	<u>(22,622)</u>		<u>398,324</u>
Other Financing Receipts (Disbursements)				
Transfers In	109,229	212,000	\$25,000	346,229
Transfers Out	(212,000)	(125,504)	(8,725)	(346,229)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(102,771)</u>	<u>86,496</u>	<u>16,275</u>	
<i>Net Change in Fund Cash Balances</i>	318,175	63,874	16,275	398,324
<i>Fund Cash Balances, January 1</i>	<u>1,760,130</u>	<u>1,726,041</u>	<u>380,119</u>	<u>3,866,290</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,078,305</u>	<u>\$1,789,915</u>	<u>\$396,394</u>	<u>\$4,264,614</u>

See accompanying notes to the financial statements

Ottawa County District Board of Health

Ottawa County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ottawa County District Board of Health, Ottawa County, Ohio (the District) as a body corporate and politic. The District is a combined Board of Health as defined by Section 3709.07 of the Ohio Rev. Code. The District is the union of the city health department of the City of Port Clinton and the Ottawa County General Board of Health. The District operates under the discretion of a six-member appointed Board of Health with four members appointed by the District Advisory Council, 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, home health services, various clinics, and issuance of environmental health-related licenses and permits.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Public Health Emergency Preparedness (PHEP) Fund This fund receives PHEP and COVID-19 grant monies for providing emergency preparedness and pandemic relief.

Ottawa County District Board of Health

Ottawa County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Capital Projects Funds These funds account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Projects Fund:

Capital Equipment Fund This fund receives transfers from various funds and accumulates resources to be used for expenditure for capital outlays.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

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.

Ottawa County District Board of Health
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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:

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

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.

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

THIS SPACE INTENTIONALLY LEFT BLANK

Ottawa County District Board of Health
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,868,609	\$1,007,404	(\$861,205)
Special Revenue	1,173,560	1,494,200	320,640
Capital Projects	10,000	25,000	15,000
Total	\$3,052,169	\$2,526,604	(\$525,565)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,350,716	\$779,022	\$1,571,694
Special Revenue	1,548,980	1,434,793	114,187
Capital Projects	10,000	8,725	1,275
Total	\$3,909,696	\$2,222,540	\$1,687,156

Note 4 - 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.

Note 5 - 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.

Note 6 - Risk Management

Risk Pool Membership

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

Ottawa County District Board of Health
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 - 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.

Ottawa County District Board of Health
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 - Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 89,793	\$ 4,467	\$ 94,260

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Capital Projects funds is committed. These restricted and committed amounts in the Special Revenue Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 11 - Change in Accounting Principle

For 2020, the District has made changes to its cash-basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) - all governmental fund types.

Note 12 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the District received \$20,130 as an on-behalf of grant from another government. These amounts are recorded in the General Fund

Ottawa County District Board of Health
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Charges for Services	\$183,976	\$478,174		\$662,150
Fines, Licenses and Permits	1,768	253,738		255,506
Intergovernmental:				
Apportionments	384,000			384,000
Grants	37,772	548,965		586,737
Miscellaneous	21,077	84,662		105,739
<i>Total Cash Receipts</i>	<u>628,593</u>	<u>1,365,539</u>		<u>1,994,132</u>
Cash Disbursements				
Current:				
Health:				
Salaries	238,571	397,860		636,431
Fringe Benefits	107,869	193,572		301,441
Supplies	3,922	60,974		64,896
Equipment	1,079	3,405		4,484
Contracts - Services	22,838	280,231		303,069
Advertising and Printing	136			136
Travel	15,340	19,511		34,851
Rent	24,066			24,066
State Remittance		38,255		38,255
State of Ohio Water Testing Fee		2,340		2,340
Other Expenses	596,152	334		596,486
<i>Total Cash Disbursements</i>	<u>1,009,973</u>	<u>996,482</u>		<u>2,006,455</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(381,380)</u>	<u>369,057</u>		<u>(12,323)</u>
Other Financing Receipts (Disbursements)				
Transfers In	682,199	31,895	\$13,226	727,320
Transfers Out	(27,534)	(699,256)	(530)	(727,320)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>654,665</u>	<u>(667,361)</u>	<u>12,696</u>	
<i>Net Change in Fund Cash Balances</i>	273,285	(298,304)	12,696	(12,323)
<i>Fund Cash Balances, January 1</i>	<u>1,486,845</u>	<u>2,024,345</u>	<u>367,423</u>	<u>3,878,613</u>
Fund Cash Balances, December 31				
Restricted		1,723,921		1,723,921
Committed	486,249	2,120	380,119	868,488
Assigned	59,382			59,382
Unassigned	1,214,499			1,214,499
<i>Fund Cash Balances, December 31</i>	<u>\$1,760,130</u>	<u>\$1,726,041</u>	<u>\$380,119</u>	<u>\$3,866,290</u>

See accompanying notes to the financial statements

Ottawa County District Board of Health

Ottawa County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ottawa County District Board of Health, Ottawa County, Ohio (the District) as a body corporate and politic. The District is a combined Board of Health as defined by Section 3709.07 of the Ohio Rev. Code. The District is the union of the city health department of the City of Port Clinton and the Ottawa County General Board of Health. The District operates under the discretion of a six-member appointed Board of Health with four members appointed by the District Advisory Council, 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, home health services, various clinics, and issuance of environmental health-related licenses and permits.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Sewage Fund This fund receives fees and grant monies for septic system services to homes in the District.

Ottawa County District Board of Health

Ottawa County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Capital Projects Funds These funds account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Projects Fund:

Capital Equipment Fund This fund receives transfers from various funds and accumulates resources to be used for expenditure for capital outlays.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

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

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.

Ottawa County District Board of Health
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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:

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

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.

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,615,980	\$1,310,792	(\$305,188)
Special Revenue	1,049,060	1,397,434	348,374
Capital Projects	10,000	13,226	3,226
Total	\$2,675,040	\$2,721,452	\$46,412

Ottawa County District Board of Health
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,167,676	\$1,096,889	\$1,070,787
Special Revenue	1,900,360	1,697,858	202,502
Capital Projects	10,000	530	9,470
Total	\$4,078,036	\$2,795,277	\$1,282,759

Note 4 - 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.

Note 5 - 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.

Note 6 - Risk Management

Risk Pool Membership

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

Ottawa County District Board of Health

Ottawa County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 - 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 10 - Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Ottawa County District Board of Health, Ottawa County, Ohio (the District) and have issued our report thereon dated December 29, 2021, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 29, 2021

**OTTAWA COUNTY DISTRICT BOARD OF HEALTH
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the financial statements and notes to the financial statements were identified:

- In 2020, Special Revenue Fund Type budgeted receipts were decreased in the amount of \$304,000 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount;
- In 2019, General Fund personal disbursements in the amount of \$182,734 were reclassified to other expenses;
- In 2019, General Fund unassigned fund balance in the amount of \$486,249 was reclassified to committed in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);
- In 2019, Special Revenue Fund Type unassigned fund balance in the amount of \$1,723,921 was reclassified to restricted in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);
- In 2019, Capital Projects Fund Type unassigned fund balance in the amount of \$380,119 was reclassified to committed in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);
- In 2019, General Fund budgeted receipts were increased in the amount of \$576,420 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount; and
- In 2019, Special Revenue Fund budgeted receipts were decreased in the amount of \$741,882 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$129 to \$32,288 that we have brought to the District's attention.

**FINDING NUMBER 2020-001
(Continued)**

To help ensure the District's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Business Manager, Health Commissioner and Board of Health.

Officials' Response:

The business manager and health commissioner are committed to improving our annual financial report. As can be seen by reviewing the adjustments noted above, there was only one adjustment for 2020 and six adjustments for 2019. We will strive to continue to improve. The business manager and the health commissioner will schedule a final review of the basic financial statements and notes to the basic financial statements.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material weakness for errors in financial reporting initially reported as Finding 2016-001.	Not corrected and reissued as Finding 2020-001 in this report.	Matters related to finding 2018-001 were not corrected during the current audit due to deficiencies in the District's internal controls over financial statement monitoring. The District will continue to work on correcting financial statement errors to ensure they will not occur again.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



OTTAWA COUNTY DISTRICT BOARD OF HEALTH

OTTAWA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/11/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov