



Dave Yost • Auditor of State

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Cover Letter | 1 |
| Independent Accountants' Report..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2010 | 5 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2009 | 6 |
| Notes to the Financial Statements | 7 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 11 |
| Schedule of Findings | 13 |
| Schedule of Prior Audit Findings | 18 |

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Dave Yost • Auditor of State

Combined General Health District
Jackson County
200 Main Street
Jackson, Ohio 45640

To the Members of the Board:

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 an 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 adverse 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 12, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Combined General Health District
Jackson County
200 Main Street
Jackson, Ohio 45640

To the Members of the Board:

We have audited the accompanying financial statements of the Combined General Health District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2010 and 2009. 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 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 our audit provides 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the District's larger (i.e., major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require health districts to reformat their statements. The District 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 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 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 District as of December 31, 2010 and December 31, 2009 or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Combined General Health District, Jackson County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 8 to the financial statements, the District has suffered recurring losses from operations and has a net fund cash balance deficiency. Note 9 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 January 12, 2012, 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 audit.



Dave Yost
Auditor of State

January 12, 2012

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

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

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Intergovernmental | 338,386 | 207,099 | 545,485 |
| Permits | | 494 | 494 |
| Other Fees | 48,089 | 128,436 | 176,525 |
| Licenses | | 60,000 | 60,000 |
| Contractual Services | 188,853 | 183,147 | 372,000 |
| Miscellaneous | 17,773 | 7,272 | 25,045 |
| | <u>593,101</u> | <u>586,448</u> | <u>1,179,549</u> |
| Cash Disbursements: | | | |
| Current Disbursements: | | | |
| Health: | | | |
| Salaries | 309,506 | 293,603 | 603,109 |
| Fringe Benefits | 136,907 | 93,060 | 229,967 |
| Supplies | 36,289 | 1,028 | 37,317 |
| Remittances to State | | 64,688 | 64,688 |
| Equipment | 1,407 | 59,093 | 60,500 |
| Contracts - Services | 48,897 | 26,223 | 75,120 |
| Travel | 14,483 | 6,679 | 21,162 |
| Other | 13,440 | 90,161 | 103,601 |
| | <u>560,929</u> | <u>634,535</u> | <u>1,195,464</u> |
| Total Cash Disbursements | <u>560,929</u> | <u>634,535</u> | <u>1,195,464</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>32,172</u> | <u>(48,087)</u> | <u>(15,915)</u> |
| Fund Cash Balances, January 1 | <u>(185,448)</u> | <u>139,894</u> | <u>(45,554)</u> |
| Fund Cash Balances, December 31 | <u>(\$153,276)</u> | <u>\$91,807</u> | <u>(\$61,469)</u> |

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

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Intergovernmental | 356,256 | 197,960 | 554,216 |
| Permits | | 625 | 625 |
| Other Fees | 36,577 | 144,952 | 181,529 |
| Licenses | | 60,400 | 60,400 |
| Contractual Services | 195,085 | 251,922 | 447,007 |
| Miscellaneous | 32,621 | 4,521 | 37,142 |
| | <u>620,539</u> | <u>660,380</u> | <u>1,280,919</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current Disbursements: | | | |
| Health: | | | |
| Salaries | 415,963 | 345,440 | 761,403 |
| Fringe Benefits | 124,580 | 103,333 | 227,913 |
| Supplies | 29,336 | 3,551 | 32,887 |
| Remittances to State | | 65,069 | 65,069 |
| Equipment | 500 | 1,095 | 1,595 |
| Contracts - Repair | 500 | | 500 |
| Contracts - Services | 85,000 | 15,795 | 100,795 |
| Travel | 17,401 | 15,577 | 32,978 |
| Other | 25,167 | 78,430 | 103,597 |
| | <u>698,447</u> | <u>628,290</u> | <u>1,326,737</u> |
| Total Cash Disbursements | | | |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(77,908)</u> | <u>32,090</u> | <u>(45,818)</u> |
| Fund Cash Balances, January 1 | <u>(107,540)</u> | <u>107,804</u> | <u>264</u> |
| Fund Cash Balances, December 31 | <u>(\$185,448)</u> | <u>\$139,894</u> | <u>(\$45,554)</u> |

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

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Combined General Health District, Jackson County (the District), as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, and issues health-related licenses and permits.

Additionally, the District serves as the administrative agent for the Jackson County Family and Children First Council.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

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.

C. Deposits and Investments

As required by the Ohio Revised Code, the Jackson 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.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

Help Me Grow (HMG) Fund - This fund receives monies for providing contractual services to qualifying clients of the Jackson County Family and Children First Council.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 level of control and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 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 ending December 31, 2010 and 2009 follows:

| 2010 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$593,101 | \$593,101 | \$0 |
| Special Revenue | 586,448 | 586,448 | 0 |
| Total | \$1,179,549 | \$1,179,549 | \$0 |

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Budgetary Activity (Continued)

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$560,929 | \$560,929 | \$0 |
| Special Revenue | 634,535 | 634,535 | 0 |
| Total | \$1,195,464 | \$1,195,464 | \$0 |

| 2009 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$620,539 | \$620,539 | \$0 |
| Special Revenue | 660,380 | 660,380 | 0 |
| Total | \$1,280,919 | \$1,280,919 | \$0 |

| 2009 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$698,447 | \$698,447 | \$0 |
| Special Revenue | 628,290 | 628,290 | 0 |
| Total | \$1,326,737 | \$1,326,737 | \$0 |

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.

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$248,445 in 2010 and \$233,236 in 2009. The financial statements present these amounts as Intergovernmental Receipts.

4. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10.0% respectively, of their gross salaries and the District contributed an amount equaling 14.0%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Risk Management

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

6. 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.

7. Related Party Transactions

The Executive Director of the Gallia, Jackson, Meigs Solid Waste District was an alternate on the Board of Health by the licensing council starting in 2008. The Solid Waste District provided \$30,000 in 2010 and \$25,000 in 2009 in financial assistance for the solid waste landfill licensing and inspection activities according to a contract between the Jackson County Combined Health District and the Solid Waste District entered into prior to April 2002. The Executive Director's term on the Board ended March 31, 2007. The Executive Director retired from GJMV Solid waste District in 2010.

8. Deficit Fund Balances

At December 31, 2009 the District's General Fund had a deficit fund balance of \$185,448. At December 31, 2010, the General Fund had a deficit fund balance of \$153,276.

9. Management's Plans to Reduce General Fund Deficit

The General Fund deficit was reduced to an unaudited balance of \$139,994 on December 31, 2011 and the deficit projected for December 31, 2012 is \$39,226. The 2012 year-end General Fund balance is based on the 2012 budget as approved by the Jackson County Budget Commission. The Health Commissioner would continue to be paid based on a 32 hour week and the Medical Director would be reduced to 3 hours pay per week. The Health Administration and Public Health Nursing employees would be reduced to a 37 ½ hour work week. There would be no employee cost of living increases in 2012. The mileage reimbursement rate would be reduced from 50 cents to 45 cents per mile for all staff. Any vacancies that may occur in 2012 would be filled by promoting or assigning current staff members without bringing new personnel into the department. These items are based on administrative plans and are subject to Board of Health approval before implementation.



Dave Yost • Auditor of State

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

Combined General Health District
Jackson County
200 East Main Street
Jackson, Ohio 45640

To the Members of the Board:

We have audited the financial statements of the Combined General Health District, Jackson County, Ohio (the District), as of and for the year ended December 31, 2010 and 2009 and have issued our report thereon dated January 12, 2012, 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 also noted the District is experiencing financial difficulties. 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 District'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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-002 described in the accompanying Schedule of Findings 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 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 12, 2012.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the District Board of Health, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Dave Yost
Auditor of State

January 12, 2012

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

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

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

FINDING NUMBER 2010-001

Noncompliance Citation

Ohio Rev. 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 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 is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking proper certification shall be null and void. There are several exceptions to the standard requirement stated 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.

1. "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 the fiscal officer 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 District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 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 District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of 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 one particular line item appropriation.

3. Super Blanket Certificate – The District 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. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Fifty-one percent of the transactions tested for 2010 and 2009 were not certified by the District at the time the commitment was incurred and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2010-001 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1)

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 District's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

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

Officials' Response:

The District will endeavor to eliminate expenditures being committed prior to having the appropriate certificate in place and approved. Our procedures for having purchase requisitions reviewed and approved by the Fiscal Officer prior to placing orders or contracting for service will be strictly enforced. This should eliminate expenditures being made prior to having the appropriation for these items.

FINDING NUMBER 2010-002

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Annual Financial Reports prepared by the Health District for 2010 and 2009 did not agree to the ledgers maintained by the Jackson County Auditor, the District's fiscal agent. The source of the discrepancies could not be identified by the District or its fiscal agent. As a result, the following adjustments were necessary to agree the annual financial reports to the County's underlying ledgers:

2010:

- In the General Fund, Intergovernmental Revenue was increased by \$38,845 and Contractual Services was increased by \$2,939 while Other Fees was reduced by \$450 and Miscellaneous Revenue was reduced by \$41,334.
- In the Solid Waste Fund, Intergovernmental Revenue was increased by \$25,000 while Miscellaneous Revenue was reduced by \$25,000.
- In the Help Me Grow Fund, Intergovernmental Revenue was increased by \$16,567 while Other Fees was reduced by \$16,567. Additionally, Project Fund Expenditures was reduced by \$180,180 and reclassified into the various expenditure categories of Salaries of \$99,104, Fringe Benefits of \$49,543, Supplies of \$728, Contracts-Services of \$1,315, Travel of \$1,687, and Other Expenditures of \$27,803.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2010-002 (Continued)

Material Weakness (Continued)

- In the Public Health Infrastructure Fund, Project Fund Expenditures was reduced by \$90,495 and reclassified into the various expenditure categories of Salaries of \$51,663, Fringe Benefits of \$18,609, Supplies of \$300, Contracts-Services of \$16,478, Travel of \$1,192, and Other Expenditures of \$2,253.

2009:

- In the General Fund, Intergovernmental Revenue was increased by \$169,885 while Contractual Services was reduced by \$11,358, Other Fees was reduced by \$8,903 and Miscellaneous Revenue was reduced by \$149,624. Additionally, Other Expenditures were reduced by \$81,400 while Transfers Out were increased by \$81,400.
- In the Food Service Fund, Fees were increased by \$252 while Miscellaneous Revenue was reduced by \$252. Additionally, Other Expenditures were reduced by \$4,500 while Transfers Out were increased by \$4,500.
- In the Water System Fund, Permits were increased by \$50 while Other Fees were reduced by \$50. Additionally, Other expenditures were reduced by \$256 while Contracts-Services was increased by \$20 and Travel was increased by \$236.
- In the Sewer Treatment Fund, Salaries were increased by \$886 while Supplies were reduced by \$886 and Other Expenditures were reduced by \$12,500 while Transfers Out were increased by \$12,500.
- In the Solid Waste Fund, Intergovernmental Revenue was increased by \$30,000 while Miscellaneous Revenue was reduced by \$29,991 and Licenses was reduced by \$9. Additionally, Salaries were reduced by \$886 while Supplies were increased by \$886.
- In the Help Me Grow Fund, Project Fund Expenditures was reduced by \$300,212 and reclassified into the various expenditure categories of Salaries of \$202,375, Fringe Benefits of \$58,676, Supplies of \$3,274, Equipment of \$1,095, Contracts-Services of \$5,673, Travel of \$3,845, and Other Expenditures of \$25,274.
- In the Public Health Infrastructure Fund, Project Fund Expenditures was reduced by \$94,890 and reclassified into the various expenditure categories of Salaries of \$51,565, Fringe Benefits of \$19,761, Supplies of \$277, Contracts-Services of \$9,880, Travel of \$426, and Other Expenditures of \$12,981.

Once we had financial statements that agreed to the County Auditor's underlying ledgers, and as a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

2010:

- In the General Fund, adjustments were posted to remove Public Health Emergency Response (PHER) Grant receipts of \$143,069 that should be posted in the Public Health Fund. Additionally, adjustments were posted to remove \$151,311 in PHER expenditures that were recorded in the General Fund, \$1,540 that were recorded in the Construction/Demolition Fund and \$592 that were recorded in the Solid Waste Fund rather than in the Public Health Fund. Finally, adjustments were posted to the General Fund to remove the \$47,634 repayment of PHER grant funds that were not expended and to record the repayment in the Public Health Fund.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2010-002 (Continued)

Material Weakness (Continued)

- In the General Fund, adjustments were posted to remove the Rumpke landfill license receipt of \$60,000 posted as Miscellaneous Revenue in the General Fund and to record it as Licenses in the Solid Waste Fund.
- In the General Fund, adjustments were posted to remove a Children's Trust Intergovernmental receipt of \$7,500 that belongs to the Jackson County Family and Children First Council (FCFC), for which the Health District is the administrative agent.
- In the General Fund, reclassifications of \$26,327 were posted to reclassify various grant receipts from Miscellaneous Revenue to Intergovernmental Revenue.
- In the Help Me Grow Fund, reclassifications of \$159,141 were posted to reclassify Help Me Grow receipts from Intergovernmental to Contractual Services, as the Health District receives this money from the FCFC through a contractual agreement. Additionally, \$15,142 was reclassified from Other Fees to Contractual Services. Finally, \$8,864 was adjusted as Contractual Services receipts in the Help Me Grow Fund from the FCFC Fund since the FCFC had not previously remitted the full contract amount.

2009:

- In the prior audit, the Health District made illegal transfers from various funds to the General Fund to reduce the deficit balances in various funds. Those items were eliminated in the prior audit, however, the repayment of those advances was recorded in the current audit and again were eliminated as follows: Removed Transfers Out by \$81,400 in the General Fund, removed transfers out by \$2,100 in the Construction/Demolition Fund, removed transfers out by \$4,500 in the Food Service Fund, and removed transfers out by \$12,500 in the Sewer Treatment Fund while correspondingly reducing fund balances in those fund and then reducing Transfers In by \$59,500 in the Help Me Grow Fund and reducing Miscellaneous Revenue by \$41,000 in the Solid Waste Fund while increasing fund balances in these two funds.
- Also in the prior audit, the Health District recorded a receipt in the General Fund for \$25,000 that belonged to the FCFC. The prior audit was adjusted for that but in the current audit, the \$25,000 was expended from the General Fund so that needed adjusted. As such, Other Expenditures in the General Fund were reduced \$25,000 and the beginning fund balance was reduced by \$25,000.
- In the General Fund, adjustments were posted to remove Public Health Emergency Response (PHER) Grant receipts of \$84,427 that should be posted in the Public Health Fund. Additionally, adjustments were posted to remove \$19,600 in PHER expenditures that were recorded in the General Fund rather than in the Public Health Fund.
- In the General Fund, adjustments were posted to remove Miscellaneous Revenue receipts totaling \$4,107. Of this, \$3,000 was a transfer from the FCFC General Fund and \$1,107 was a transfer from the unexpended balances of two FCFC Special Revenue Funds. Although the Health District is the Administrative Agent for the FCFC, the two are legally separate entities and therefore transfers between the two entities is unallowable.
- In the General Fund, reclassifications of \$13,119 were posted to reclassify Cardiovascular grant receipts from Contractual Services to Intergovernmental Revenue.
- In the General Fund, reclassifications of \$8,444 were posted to reclassify grant receipts from the Department of Health from Miscellaneous Revenue to Intergovernmental Revenue.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2010-002 (Continued)

Material Weakness (Continued)

- In the General Fund, reclassifications of \$29,283 were posted to reclassify Launch contract services from Miscellaneous Revenue to Contract Services.
- In the Help Me Grow Fund, reclassifications of \$251,922 were posted to reclassify Help Me Grow receipts from Intergovernmental to Contractual Services, as the Health District receives this money from the FCFC through a contractual agreement.
- In the Solid Waste Fund, reclassification of \$57,500 was posted to reclassify the state fee on landfills from Other Expenditures to Remittances to State.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the District's management and Board Members, to identify and correct errors or omissions. Further, since the County Auditor is the District's Fiscal Agent, the District should reconcile their ledgers with the County Auditor ledgers at least monthly to ensure the Annual Financial Report is prepared from auditable financial ledgers.

Officials' Response:

- The District has prepared an updated Daily Cash Receipt Schedule that is in line with the Revenues budget for each fund. In addition, the Daily Cash Receipt Schedule and deposit is to be reviewed by the Fiscal Officer prior to delivery to the County Auditor's office. An intergovernmental revenue account has been established and will be used to reflect the receipt of these funds rather than using "Miscellaneous".
- To assist in the elimination of expenditures being charged to an incorrect line item or to the wrong fund, the Fiscal Office will review all vouchers prior to them being submitted to the County Auditor to be disbursed. Vouchers will be reviewed to determine they are being properly charged and that they are in line with the budget (appropriations).
- The District has added two new funds: Public Health Nursing and Immunization Action Plan. The purpose is to maintain funds for those operations or grants separate from the General Health Fund. This should provide better control and elimination confusion when reconciling the funds.

**COMBINED GENERAL HEALTH DISTRICT
JACKSON COUNTY**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2008-001 | Noncompliance Citation/Material Weakness regarding illegal advances | Yes | |
| 2008-002 | Material Weakness regarding deficit fund balances | No | Comment has been removed |
| 2008-003 | Material Weakness regarding sound financial reporting | No | Reissued in the accompanying Schedule of Findings as Finding 2010-002 |



Dave Yost • Auditor of State

JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT

JACKSON 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
JANUARY 31, 2012