



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 19, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

This Page is Intentionally Left Blank.

**GENERAL HEALTH DISTRICT
PICKAWAY 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 Governmental Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	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>	13
Schedule of Findings.....	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

General Health District
Pickaway County
465 E. Ohio Street, P.O. Box 613
Circleville, Ohio 43113

To the Board of Health:

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

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

Betty Montgomery
Auditor of State

December 1, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

General Health District
Pickaway County
465 E. Ohio Street, P.O. Box 613
Circleville, Ohio 43113

To the Board of Health:

We have audited the accompanying financial statements of the General Health District, Pickaway County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 2004. 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004 the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004 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 fund cash balances of the General Health District, Pickaway County, Ohio as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District is experiencing certain financial difficulties. Those difficulties and management's plans are discussed in Note 8.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2006, 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.



Betty Montgomery
Auditor of State

December 1, 2006

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$282,000	\$0	\$282,000
Intergovernmental	41,364	348,287	389,651
Charges for Services	164,267	0	164,267
Fees, Licenses and Permits	66,821	163,744	230,565
Other receipts	33,736	6,531	40,267
	<u>588,188</u>	<u>518,562</u>	<u>1,106,750</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	359,554	322,601	682,155
Supplies	27,742	101,643	129,385
Remittances to State	0	4,896	4,896
Equipment	0	12,083	12,083
Contracts - Services	5,250	16,580	21,830
Travel and Expenses	106,302	0	106,302
Equipment Leases	26,875	0	26,875
Public employee's retirement	23,091	0	23,091
Medicare	48,712	43,584	92,296
Worker's compensation	4,826	4,215	9,041
Unemployment compensation	7,085	7,060	14,145
Other	74,172	14,450	88,622
	<u>683,609</u>	<u>527,112</u>	<u>1,210,721</u>
Total Cash Disbursements			
Total Receipts (Under) Disbursements	<u>(95,421)</u>	<u>(8,550)</u>	<u>(103,971)</u>
Other Financing Receipts/(Disbursements):			
Advances-In	78,800	62,000	140,800
Advances-Out	(50,000)	(90,800)	(140,800)
	<u>28,800</u>	<u>(28,800)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(66,621)</u>	<u>(37,350)</u>	<u>(103,971)</u>
Fund Cash Balances, January 1	<u>13,311</u>	<u>177,235</u>	<u>190,546</u>
Fund Cash Balances, December 31	<u><u>(\$53,310)</u></u>	<u><u>\$139,885</u></u>	<u><u>\$86,575</u></u>

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

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$268,728	\$0	\$268,728
Intergovernmental	41,337	413,530	454,867
Charges for Services	152,498	0	152,498
Fees, Licenses and Permits	65,614	145,776	211,390
Other receipts	38,715	22,028	60,743
Total Cash Receipts	<u>566,892</u>	<u>581,334</u>	<u>1,148,226</u>
Cash Disbursements:			
Salaries	338,329	371,493	709,822
Supplies	26,581	102,280	128,861
Remittances to State	0	17,507	17,507
Equipment	0	28,569	28,569
Contracts - Services	11,064	8,999	20,063
Travel and Expenses	85,013	0	85,013
Equipment Leases	31,492	0	31,492
Public employee's retirement	21,252	45,277	66,529
Medicare	49,448	3,461	52,909
Worker's compensation	4,939	4,219	9,158
Unemployment compensation	5,932	975	6,907
Other	60,741	21,071	81,812
Total Cash Disbursements	<u>634,791</u>	<u>603,851</u>	<u>1,238,642</u>
Total Receipts (Under) Disbursements	<u>(67,899)</u>	<u>(22,517)</u>	<u>(90,416)</u>
Other Financing Receipts/(Disbursements):			
Transfers In	5,665	1,240	6,905
Advances-In	30,000	0	30,000
Transfers Out	(1,240)	(5,665)	(6,905)
Advances-Out	(1,000)	(29,000)	(30,000)
Total Other Financing Receipts/(Disbursements)	<u>33,425</u>	<u>(33,425)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>(34,474)</u>	<u>(55,942)</u>	<u>(90,416)</u>
Fund Cash Balances, January 1	<u>47,785</u>	<u>233,177</u>	<u>280,962</u>
Fund Cash Balances, December 31	<u><u>\$13,311</u></u>	<u><u>\$177,235</u></u>	<u><u>\$190,546</u></u>

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

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 General Health District, Pickaway County, (the District) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, environmental health programs and issues, health-related licenses and permits.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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. Cash and Investments

As required by Ohio Revised Code, the Pickaway County Treasurer is custodian for the District's cash. The County holds the District's cash and investments in its cash and investment pool, 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 accounts for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Public Health Infrastructure Grant Fund – This fund received grant monies from Ohio Department of Health for improvements to communication infrastructure and response resources.

Tobacco Prevention Grant Fund - This fund received grant monies from the Ohio Tobacco Use Prevention and Control Foundation for tobacco prevention education.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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 object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. 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.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 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, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$667,100	\$588,188	(\$78,912)
Special Revenue	596,003	518,562	(77,441)
Total	\$1,263,103	\$1,106,750	(\$156,353)

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$653,657	\$683,609	(\$29,952)
Special Revenue	579,268	527,112	52,156
Total	\$1,232,925	\$1,210,721	\$22,204

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$618,625	\$572,557	(\$46,068)
Special Revenue	643,276	582,574	(60,702)
Total	\$1,261,901	\$1,155,131	(\$106,770)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$618,625	\$636,031	(\$17,406)
Special Revenue	622,829	609,516	13,313
Total	\$1,241,454	\$1,245,547	(\$4,093)

3. TAX 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 tax receipts.

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 9 and 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. RISK POOL MEMBERSHIP

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

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate year. Governments can elect additional coverage from \$2,000,000 with General Reinsurance Corporation, through contracts with PEP. If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Beginning in 2005, Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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 District.

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

Members may withdraw on each anniversary of the date they joined PEP. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. RISK POOL MEMBERSHIP (Continued)

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would not be material.

7. RELATED PARTY TRANSACTIONS

The District contracted several children of employees to perform clerical work during the audit period. The District also contracted with the husband of an employee during the year to perform cleaning and maintenance work. The amounts of these disbursements were not material to the financial statements.

8. MANAGEMENT'S PLAN

For year ended 2005, the District had a negative General fund balance of \$53,310. As further discussed in Note 10, the District entered into a formal borrowing agreement with the Pickaway County Commissioners in order to borrow the \$82,700 needed to pay back the advances from the Federal Grant Funds. In addition, the District's Board passed a resolution to classify the remaining \$41,100 as transfers; thus not requiring the General Fund to repay those advances. Projected revenues and expenditures for year ended 2006 indicate these financial difficulties will not be eliminated during 2006 but may be eliminated in fiscal year 2007. As of September 30, 2006 the General Fund's cash position was \$83,179.

The District has approved a resolution to increase environmental health fees by 10%. Also, the District was granted a 21% increase in real estate property settlements from the District Advisory Council which will result in a \$60,000 increase in 2007. The District terminated unnecessary contracts for services. Furthermore, the District has taken various cost cutting measures; such as declining the cost of living raise until September 2006, decreasing supplies and other costs, and the Board Members waived their stipend for 2006. The District had 19 staff members for the year of 2005; as of October 2006 they have reduced their staffing to 13. The District plans on replacing some, but not all, of the staffing in future years.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

9. ACCOUNTABILITY

Contrary to Ohio law, expenditures exceeded appropriations in the General, Children and Family Grant, Water System, Swimming Pool, Campground, Tobacco Prevention and Public Health Infrastructure Grant Funds at December 31, 2005 and in the General, Children and Family Grant, Food Service, Trailer Park, Water System, Tobacco Prevention, and Public Health Infrastructure Grant Funds at December 31, 2004.

Contrary to the Code of Federal Regulations, the District was unable to provide complete timecards for employees paid out of the Children and Family Health, Public Health Infrastructure, and Tobacco Prevention Funds. In addition, the District made unallowable advances and transfers from the Children and Family Health, Public Health Infrastructure, Tobacco Prevention, and Women, Infants and Children Funds.

10. SUBSEQUENT EVENTS

In September 2006, the District entered into a Loan agreement with Pickaway County Commissioners in the amount of \$82,700. This loan was used to repay the advances from the Federal Grant funds.

In 2006, the District Advisory Board granted the District a 21% increase in real estate property settlements effective January 2007. This will result in a \$60,000 increase in Tax Revenue.



**Auditor of State
Betty Montgomery**

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

General Health District
Pickaway County
465 E. Ohio Street, P.O. Box 613
Circleville, Ohio 43113

To the Board of Health:

We have audited the financial statements of the General Health District, Pickaway County, Ohio, (the District) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated December 1, 2006, wherein we noted the District follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and that the District is experiencing certain 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-002, 2005-003, 2005-005, 2005-006 and 2005-009.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the District's management dated December 1, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001, 2005-002, 2005-004, 2005-005, 2005-006, 2005-007, 2005-008, and 2005-009. In a separate letter to the District's management dated December 1, 2006, we reported other matters related to noncompliance we deemed immaterial.

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



Betty Montgomery
Auditor of State

December 1, 2006

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

Finding Number	2005-001
-----------------------	-----------------

Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41 (B) states in part that no subdivision or taxing unit is to expend money unless it has been appropriated as provided in such chapter.

Expenditures exceeded appropriations at the legal level of control by the following amounts:

December 31, 2005

Fund	Appropriations	Budgetary Expenditures	Variance
General – salaries	\$ 62,926	\$106,302	(\$ 43,376)
General– contract services	\$ 3,000	\$ 5,250	(\$ 2,250)
General Fund - other	\$ 50,600	\$ 74,172	(\$ 23,572)
Children and Family Grant – salaries	\$ 46,212	\$ 51,052	(\$ 4,840)
Water System -salaries	\$ 25,250	\$ 40,925	(\$ 15,675)
Water System - PERS	\$ 3,421	\$ 5,545	(\$ 2,124)
Water System – water tests	\$ 2,500	\$ 5,248	(\$ 2,748)
Swimming Pool – salaries	\$ 6,700	\$ 9,985	(\$ 3,285)
Swimming Pool - PERS	\$ 908	\$ 1,353	(\$ 445)
Campground- salaries	\$ 2,854	\$ 4,851	(\$ 1,997)
Campground - PERS	\$ 393	\$ 657	(\$ 264)
Public Health Infrastructure-salaries	\$ 47,998	\$ 49,272	(\$ 1,274)
Public Health Infrastructure - supplies	\$ 33,800	\$ 47,409	(\$ 13,609)
Public Health Infrastructure – contract services	\$ 9,000	\$ 11,973	(\$ 2,973)
Tobacco Prevention - insurance	\$ 11,941	\$ 14,450	(\$ 2,509)

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-001 (Continued)
-----------------------	-----------------------------

Expenditures Exceeding Appropriations (Continued)

December 31, 2004

Fund	Appropriations	Budgetary Expenditures	Variance
General - PERS	\$ 45,432	\$ 49,448	(\$ 4,016)
General - insurance	\$ 60,841	\$ 91,245	(\$ 30,404)
General - contract services	\$ 3,000	\$ 3,750	(\$ 750)
General - travel/expenses	\$ 20,000	\$ 31,492	(\$ 11,492)
General - audit	\$ 2,000	\$ 7,314	(\$ 5,314)
General - leases	\$ 14,000	\$ 21,252	(\$ 7,252)
General - other	\$ 44,592	\$ 76,159	(\$ 31,567)
Children and Family Grant - salary	\$ 55,393	\$ 80,477	(\$ 25,084)
Children and Family Grant - PERS	\$ 7,506	\$ 8,462	(\$ 956)
Food Service - salaries	\$ 26,000	\$ 37,442	(\$ 11,442)
Food Service - PERS	\$ 3,523	\$ 5,073	(\$ 1,550)
Trailer Park - salaries	\$ 20,000	\$ 30,633	(\$ 10,633)
Trailer Park - PERS	\$ 2,710	\$ 4,112	(\$ 1,402)
Water System - salaries	\$ 28,250	\$ 35,177	(\$ 6,927)
Water System - PERS	\$ 3,827	\$ 4,766	(\$ 939)
Water System - water testing	\$ 3,000	\$ 4,315	(\$ 1,315)
Public Health Infrastructure - salaries	\$ 28,000	\$ 66,225	(\$ 38,225)
Public Health Infrastructure - PERS	\$ 3,794	\$ 8,974	(\$ 5,180)
Public Health Infrastructure - workers compensation	\$ 700	\$ 4,260	(\$ 3,560)
Public Health Infrastructure - supplies	\$ 20,000	\$ 28,481	(\$ 8,481)
Public Health Infrastructure - equipment	\$ 22,125	\$ 31,671	(\$ 9,546)
Tobacco Prevention - salaries	\$ 89,194	\$104,513	(\$ 15,319)
Tobacco Prevention - PERS	\$ 11,273	\$ 12,807	(\$ 1,534)
Tobacco Prevention - supplies	\$ 41,352	\$ 47,020	(\$ 5,668)

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-001 (Continued)
-----------------------	-----------------------------

Expenditures Exceeding Appropriations (Continued)

We recommend that appropriations amendments are approved by the Board of Health as necessary to meet the expenditure needs of the District.

Officials' Response:

We did not receive a response from the Officials to this finding.

Finding Number	2005-002
-----------------------	-----------------

Allowable Cost/Cost Principles- Noncompliance /Questioned Costs/Reportable Condition

2 CFR Part 225 Appendix B (formerly known as OMB Circular A-87, Attachment B subsection 8.h.) provides in part that salaries and wages shall be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the government unit. When employees work on multiple activities or cost objectives, a distribution of compensation shall be supported by personnel activity reports that reflect the actual activity and total activity of the employees, unless certain time study requirements are met. An employee whose compensation is allocated solely to a single cost objective must furnish semiannual certificates that he/she has been engaged solely in activities supportive of the cost objectives. Additionally, the District's employee time card policy approved by the Board of Health on July 20, 1999, states "time cards must contain the program the hours were worked in".

During the audit period, the District allocated portions of employee salaries and other payroll related expenses to the Children and Family Health (\$154,759), Public Health Infrastructure (\$142,602), and Tobacco Prevention Grant (\$235,179) grant funds. The District employee timecards did not contain the documentation of the program the hours were worked in as required by the Board of Health policy nor did the District have procedures in place to assess whether the costs allocated to the program correlated with the actual costs of salaries and benefits provided to the program by the employees.

The District was unable to provide complete timecards for each federal program or any supporting time and effort documentation as required by 2 CFR Part 225 Appendix B. Therefore, questioned costs for unsupported costs of \$154,759, \$142,602 and \$235,179, respectively, are made against the Children and Family Health, Public Health Infrastructure, and Tobacco Prevention programs.

We recommend the District include documentation on each employee timecard to support the time worked on each program. We further recommend the District prepare and maintain personnel activity reports that reflect an after-the-fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, and contain a certification signature of the grant coordinator and employee. These records should then be used to adjust budgeted grant costs to actual grant costs on at least a quarterly basis. Finally, we recommend the District obtain an approved indirect cost plan for those employees charging less than 100% of time to various federal grants.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-002 (Continued)
-----------------------	-----------------------------

**Allowable Cost/Cost Principles- Noncompliance /Questioned Costs/Reportable Condition
(continued)**

Officials' Response:

Beginning payroll #23 in 2005 the Health Commissioner, Pamela Butler, reviewed the policy in place and then initiated a new time card policy for employees. The new policy states that an employee submits his/her time card to his/her immediate supervisor for signature. All directors of departments are to be submitted to the Health Commissioner for review and signature. The Health Commissioner also reviews all other employee time cards for accuracy. The Health Commissioner signs all department directors' time cards to include the following personnel: 1) Director of Administration, 2) Director of Environmental Health, 3) Director of Clinical Services and 4) Tobacco Prevention Director.

In addition, the District implemented a new procedure requiring employees to clock in and out on a daily basis. A new system has been developed for employees to show hours worked per program fund on a weekly basis. The hours are to be sub-totaled and then adjusted on a quarterly basis to support the time worked on each program. The program manager for each grant/program fund will review and sign employee sheets and track any changes.

Finding Number	2005-003
-----------------------	-----------------

District Administrator Payroll – Reportable Condition

The District's payroll procedures required the Health Commissioner to approve the Administrator's timecard prior to submitting to the County Auditor, the District's fiscal agent, for payment.

There was no supervisory approval of the former District Administrator's payroll time card or any other payroll records, such as leave or overtime, for most pay periods during the audit period. Furthermore, the former District Administrator did not utilize the District's time clock consistently to support her hours worked.

Lack of review and approval of the Administrator's payroll records by the Health Commissioner could result in unauthorized and unallowable payroll expenditures being made. Additionally, failure to utilize the District's time clock as often as possible could result in questions as to the validity of time worked and compensated. If these matters are not corrected, future findings for recovery could be issued.

We recommend the Health Commissioner review and approve payroll records for all District Directors, including the Administrator, before they are submitted to the County Auditor for processing. We further recommend that all District employees utilize the District's time clock consistently to support time worked.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-003 (Continued)
-----------------------	-----------------------------

District Administrator Payroll – Reportable Condition (continued)

Officials’ Response:

From October 1, 2004 to September 1, 2005, the Health District did not have a full-time health commissioner in place. The District had an acting interim health commissioner per state requirements with a Director of Administration responsible for financial matters including payroll and budget for all District funds/grants. The recommendation that the Health Commissioner review and approve payroll records for District Directors, including the Administrator, before it is submitted to the County Auditor for processing has been accomplished. This procedure was changed and implemented during payroll #23 for year 2005.

Finding Number	2005-004
-----------------------	-----------------

Finding for Recovery – Gas Charges

While the District does not have a formal credit card policy on file, the District gas card procedures require gas cards to be used when a District vehicle is in use.

Between July 2004 and June 2005, Marilyn Jeffers, the former District Administrator, made unauthorized charges to the District’s gas credit card totaling \$559.61. According to the credit card slips and a review of gas charges on the credit card statements for one of the District’s gas cards, Mrs. Jeffers was using the gas card during non-business hours and for her own personal vehicle. The gas card billings were approved by Mrs. Jeffers and submitted to the County Auditor, the District’s fiscal agent, for payment processing.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Marilyn Jeffers, former District Administrator, in the amount of \$559.61 in favor of the District’s General Fund.

Officials’ Response:

On page 22 of the Pickaway County Board of Health Personnel Manual dated 1999 - **Section 1.11 - Code of Ethics** has statements regarding the use of position for personal gain. **Section 5.5 Personal Use of Board Equipment** on page 70 of the Personnel Manual states that all equipment purchased, leased, or owned by the Pickaway County Board of Health is for BOH use only, and not for personal use. Although the District does not have a formal credit card policy on file, on page 70 of the Personnel Manual **Section 5.8 - Car Policy** states “costs incidental to travel (e.g., parking, car washes) must be accompanied by a receipt”. A credit card usage policy is currently under development by the Health District’s Finance Committee and will become part of the new personnel manual.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-005
-----------------------	-----------------

Reportable Condition/Non-Compliance

Finding for Recovery – Reportable Condition - Administrator’s Payout of Flextime

The District’s flex time and overtime policy approved by the Board of Health on July 20, 1999, states in part that:

All hours in excess of 40 hours in a workweek are considered overtime and must have prior approval as such. Overtime hours must be scheduled by the supervisor and/or administrator and should only be utilized when adequate time to meet the needs of the department cannot be obtained through the use of flex time within a 40 hour work week. Any employee who is requested by his/her supervisor to work in excess of forty hours in a standard work week shall have flex time in place of direct payment of overtime. For purposes of computing flex time, sick leave, holidays, and vacation leave shall be counted as hours worked. For any overtime worked, such flextime shall be granted by his/her Director/Health Commissioner on a time and one-half basis, at a time mutually convenient to the employee and department. All flextime must be taken within 14 days of the time in which it is earned. If it is not used within this 15-day period then the flextime is lost to the employee. Directors and/or the Health Commissioner must approve all flextime. No overtime will be paid – only flextime.

For the pay period ended March 6, 2004, Marilyn Jeffers, the former District Administrator, received a payment in the amount of \$2,061 for flex time that had been carried over longer than the 14 days allotted by the aforementioned District policy.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Marilyn Jeffers, former District Administrator, in the amount of \$2,061 in favor of the District’s General Fund.

The District does not have adequate procedures to ensure compliance with its policy. There are no overtime/flex time approval forms to document prior approval by the supervisor or logs maintained to document the expiration of flex time not utilized within the 15-day period. Failure to establish adequate overtime/flex time documentation procedures could result in the District not being in compliance with its own policies and procedures. Additionally this could cause the District to spend money inappropriately.

We recommend the District establish procedures to ensure compliance with its own overtime/flex time policy by documenting prior approval by the supervisor and the expiration of flex time not used within the required 15-day period.

Officials’ Response:

This process is new and under development. Changes will be adopted when necessary for better compliance. A new system has been developed for employees to show hours worked per program fund on a weekly basis. The hours are to be sub-totaled and then adjusted on a quarterly basis to support the time worked on each program. The program manager for each grant/program fund will review and sign employee sheets and track any changes. Included on this signed employee form is a place for all employees to document any flex time earned and flex time taken – as authorized by his/her immediate supervisor.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-006
-----------------------	-----------------

Finding for Recovery – Reportable Condition - Related Party - Ethics

Provisions of the Ohio Revised Code address circumstances in which a public official or employee is prohibited from using the authority or influence of his office or employment to secure anything of value that substantially and improperly influences the official or employee in the exercise of his duties, and from having an interest in a public contract.

Ohio Rev. Code Section 102.03 (D) provides that no public official or employee shall use or authorize the use of the authority or influence of his office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

Ohio Rev. Code Section 2921.42 (A)(1) states that no public official shall knowingly authorize or employ the authority or influence of his office to secure authorization of any public contract in which he, a member of his family, or any of his business associates has an interest.

Ohio Rev. Code Section 2921.42 (A)(4) states that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which he is connected.

Marilyn Jeffers, former District Administrator, received unauthorized payments for cleaning and maintenance services performed by her husband, a vendor named Jeffers Clan Contracting. The Board never authorized the expenditures, rather the invoices were approved by Ms. Jeffers and submitted to the County Auditor, the District's fiscal agent, for processing and then checks were issued to Ms. Jeffers. There were five disbursements between June 3, 200, and November 2, 2004, totaling \$3,980.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Marilyn Jeffers, former District Administrator, in the amount of \$3,980 in favor of the District's General fund (\$1,200), Public Health Infrastructure Fund (\$2,480), and Tobacco Prevention Grant Fund (\$300).

In addition, children of certain employees were contracted to perform services for the District. Although certain contracts contained a signature of the Board President, the Board President verified that she did not sign the contracts and there was no indication that the Board approved these contracts.

We recommend the District, with the help of its legal counsel, enhance its formal policy regarding related party transactions to govern transactions in which members of the District may have a personal interest. This policy may include District members abstaining from voting on related party items, advertising contracts for bid, etc.

This matter will be referred to the Ohio Ethics Commission.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-006 (Continued)
-----------------------	-----------------------------

Finding for Recovery – Reportable Condition - Related Party - Ethics (continued)

Officials’ Response:

On page 22 of the Pickaway County Board of Health Personnel Manual dated 1999 - **Section 1.11 - Code of Ethics** has statements regarding the use of position for personal gain.

The Health District is in the process of updating and rewriting the Personnel Manual. New policies are being developed and will reflect the findings of the state audit.

Finding Number	2005-007
-----------------------	-----------------

Finding for Recovery – Extra Compensation

The District’s flex time and overtime policy approved by the Board of Health on July 20, 1999, states in part that:

All hours in excess of 40 hours in a workweek are considered overtime and must have prior approval as such. Overtime hours must be scheduled by the supervisor and/or administrator and should only be utilized when adequate time to meet the needs of the department cannot be obtained through the use of flex time within a 40 hour work week. Any employee who is requested by his/her supervisor to work in excess of forty hours in a standard work week shall have flex time in place of direct payment of overtime. For purposes of computing flex time, sick leave, holidays, and vacation leave shall be counted as hours worked. For any overtime worked, such flextime shall be granted by his/her Director/Health Commissioner on a time and one-half basis, at a time mutually convenient to the employee and department. All flextime must be taken within 14 days of the time in which it is earned. If it is not used within this 15-day period then the flextime is lost to the employee. Directors and/or the Health Commissioner must approve all flextime. No overtime will be paid – only flextime.

On April 6, 2005, Ms. Jeffers submitted what appeared to be a properly enacted resolution and letter to the County Auditor, the District’s fiscal agent, approving herself to receive “2 hours per day 5 days a week or 1.5 hours per day 7 days a week totaling 10 hours per week” for performing Health Commissioner duties and being on call, in addition to her regular salary. However, a review of District minutes indicates that the Board never enacted such a resolution. Furthermore, as discussed in finding 2005-003, there was no supervisory approval of the former District Administrator’s payroll time card or any other payroll records, such as leave or overtime, for most pay periods during the audit period. The resolution and letter indicated that the hours may be taken as flex time (when possible) or overtime pay.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-007 (Continued)
-----------------------	-----------------------------

Finding for Recovery – Extra Compensation (continued)

The letter submitted by Ms. Jeffers on April 6, 2005, indicated that, per the resolution noted above, she was authorized to receive an extra 10 hours per week retroactive to October 1, 2004, and requested and received compensation for 276 hours totaling \$7,617. Additional letters were submitted by Ms. Jeffers to the County Auditor on April 20, 2005, May 17, 2005, and June 14, 2005, indicating that per the resolution noted above, she was authorized to receive overtime pay. Ms. Jeffers requested and received compensation for an additional 54 hours totaling \$1,490. The total amount of overpayment was \$9,107 in gross wages and \$1,234 in employer contributions to OPERS.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Marilyn Jeffers for \$10,341 and in favor of the District's General fund (\$5,484), Public Health Infrastructure Fund (\$2,760), and Tobacco Prevention Grant Fund (\$2,097).

Officials' Response:

On page 22 of the Pickaway County Board of Health Personnel Manual dated 1999 - **Section 1.11 - Code of Ethics** has statements regarding the use of position for personal gain.

This process is new and under development for employees to show hours worked per program fund on a weekly basis. The program manager for each grant/program fund will review and sign employee sheets and track any changes. Included on this signed employee form is a place for all employees to document any flex time earned and flex time taken – and authorized by his/her immediate supervisor.

Finding Number	2005-008
-----------------------	-----------------

Finding for Recovery – Leave Payout

On January 11, 2006, Marilyn Jeffers, the former District Administrator, resigned and the Board of Health accepted her resignation on January 11, 2006. She received payout for her recorded vacation at the time of her resignation for 57.90 hours totaling \$1,646.10.

As noted in Finding 2005-007, on April 6, 2005, Ms. Jeffers submitted what appeared to be a properly enacted resolution and letter to the County Auditor, the District's fiscal agent, approving herself to receive "2 hours per day 5 days a week or 1.5 hours per day 7 days a week totaling 10 hours per week" for performing Health Commissioner duties and being on call. This resolution and letter indicated that the hours may be taken as flex time (when possible) or overtime pay. However, review of the District's minutes indicates that the Board never enacted such a resolution.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-008 (Continued)
-----------------------	-----------------------------

Finding for Recovery – Leave Payout (continued)

Furthermore, the procedure of the District is to require an employee to submit requests for time off. This form requires the employee's name, date(s) requested off, reason for the request, signature of the employee, and approval by the employee's supervisor, in all cases except the administrator.

Ms. Jeffers completed request forms for sick and vacation leave on several occasions from the time period of April 16, 2005 to July 9, 2005, but did not disclose these instances of leave usage to the County Auditor, the District's fiscal agent, for deduction from her leave balances. On dates when leave was taken, Ms. Jeffers indicated on her time card that flex time (from the resolution noted above) was used instead and therefore no leave was taken. These requests and leave usage were never posted to the payroll system or deducted from Ms. Jeffers' balance. If all leave requests had been posted to the payroll system and deducted from Ms. Jeffers' balance, it would have resulted in a deficit vacation balance of 28.92 hours for a total of \$798. Not posting leave requests to the system caused Ms. Jeffers' vacation balance to be overstated by 86.82 hours at her resignation of employment, resulting in an overpayment of \$2,444.10. This includes the \$1,646.10 she was paid on February 3, 2006, as well as the adjustment of Ms. Jeffers' leave balance to exclude the "Flex Time" from the aforementioned resolution.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Marilyn Jeffers, former District Administrator, in the amount of \$2,444.10 in favor of the District.

Officials' Response:

We did not receive a response from the Officials to this finding.

Finding Number	2005-009
-----------------------	-----------------

Allowability of Grant Transfers and Advances - Noncompliance – Reportable Condition

2 CFR Part 225 Appendix A (formerly known as Office of Management and Budget (OMB) Circular 87 Attachment A subsection C.1.j) states that under the Basic Guidelines for costs to be allowable they must be adequately documented. Additionally, 2 CFR Part 225 Appendix A (formerly known as OBM Circular A-87 Attachment A subsection E.2.a) states that under Direct Cost Guidelines for costs to be chargeable to federal awards, such as payroll related expenditures, these must be for compensation of employees who devoted time and are specifically identifiable to the performance of the award.

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-009 (Continued)
-----------------------	-----------------------------

**Allowability of Grant Transfers and Advances - Noncompliance – Reportable Condition
(continued)**

The District made the following transfers and advances from the federal grant funds:

Advances

Year	Advanced Out	Advanced In	Amount
2004	Public Health Infrastructure	General	\$ 20,000
2004	Tobacco Prevention	Trailer	10,000
2005	Children and Family Health	Tobacco Prevention	5,000
2005	Children and Family Health	General	5,000
2005	Public Health Infrastructure	General	20,000
2005	Public Health Infrastructure	Tobacco Prevention	10,000
2005	Tobacco Prevention	General	20,000

Transfers

Year	Transferred Out	Transferred In	Amount
2004	Children and Family Health	General	\$ 20,000
2004	Women, Infants and Children	General	8,317
2004	IAP Grant	General	2,251
2004	Public Health Infrastructure	General	11,260
2004	Tobacco Prevention	General	18,418

All of the transfers were reimbursements for payroll related expenditures. These transfers, except the \$8,317 from the Women, Infants and Children Fund, were reclassified as expenditures on the financial statements and are included in the questioned cost amount in finding 2005-002.

The District's General and Trailer funds paid back the 2004 advances to the Public Health Infrastructure and Tobacco Preventions funds during 2005. In 2006, the District paid back the outstanding 2005 advances to the various federal grant funds. Based on the foregoing facts, we will not issue a questioned cost for the advances.

The 2004 financial statements have been adjusted to correctly reflect the unallowable advances/transfers made to the General Fund (\$28,317) and Trailer Fund (\$10,000), from the Public Health Infrastructure Fund (\$20,000), Tobacco Prevention Fund (\$10,000) and Women, Infant and Children Fund (\$8,317). Furthermore, the 2005 financial statements have been adjusted to correctly reflect the advances made to the General Fund (\$45,000) from the Children Health Prevention Fund (\$5,000), Public Health Infrastructure Fund (\$20,000) and Tobacco Prevention Fund (\$20,000). In addition, the 2005 financial statements have been adjusted to correctly reflect the unallowable advances made to the Tobacco Prevention Fund (\$15,000) from the Children and Family Health Fund (\$5,000) and Public Health Infrastructure Fund (\$10,000).

**GENERAL HEALTH DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

Finding Number	2005-009 (Continued)
-----------------------	-----------------------------

**Allowability of Grant Transfers and Advances - Noncompliance – Reportable Condition
(continued)**

We recommend that the District provide supporting documentation for all transfers and advances made on the system. We also recommend that all salary and wages charged directly to the grant be supported by documentation that employees who charge to the federal awards devote time specifically to the performance of those awards. In addition, the Board should approve all interfund transfers and advances. The financial statements have been adjusted to correctly reflect the Children Health Prevention Fund, Public Health Infrastructure Fund, Tobacco Prevention Fund and Women, Infant and Children Fund.

Officials' Response:

The District has implemented procedures requiring the Board of Health to approve all advances and transfers. The Board of Health also receives monthly financial packets outlining all of the District's activities; including advances and transfers. Furthermore, the District has formed a financial committee consisting of three Board Members, Health Commissioner and Director of Administration, which meet every other month to review additional financial information and to address any audit concerns.



Mary Taylor, CPA
Auditor of State

GENERAL HEALTH DISTRICT

PICKAWAY 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
FEBRUARY 6, 2007**