



Dave Yost • Auditor of State



**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

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# Dave Yost • Auditor of State

Delaware General Health District  
Delaware County  
1 West Winter Street  
Delaware, Ohio 43015

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 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 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 "Robert R. Hinkle".

**Robert R. Hinkle, CPA**  
Chief Deputy Auditor

July 18, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Delaware General Health District  
Delaware County  
1 West Winter Street  
Delaware, Ohio 43015

To the Members of the Board:

We have audited the accompanying financial statement of Delaware General Health District, Delaware County, Ohio, (the District) as of and for the year ended December 31, 2010. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statement 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 statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statement. 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 statement referred to above for the year ended December 31, 2010 does 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, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Delaware General Health District, Delaware County, Ohio, as of December 31, 2010 and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2011, 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.

We conducted our audit to opine on the District's financial statement taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. This schedule was subject to the auditing procedures we applied to the financial statement. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statement taken as a whole.



**Robert R. Hinkle, CPA**  
Chief Deputy Auditor

July 18, 2011



**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE 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>All Fund Types</u> |                            | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-----------------------|----------------------------|---|
|  | <u>General</u>        | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>  |                       |                            |   |
| Local Taxes  | \$ 2,943,637          | \$ -                       | \$ 2,943,637                            |
| Intergovernmental  | 1,344,840             | 1,290,839                  | 2,635,679                               |
| Subdivisions   | 250,000               | -                          | 250,000                                 |
| Inspection Fees  | 60,735                | -                          | 60,735                                  |
| Permits  | 378,049               | 5,704                      | 383,753                                 |
| Other Fees   | 220,895               | 16,218                     | 237,113                                 |
| Licenses   | 3,450                 | 399,796                    | 403,246                                 |
| Contractual Services   | 15,500                | -                          | 15,500                                  |
| Other Receipts   | 248,879               | 63,354                     | 312,233                                 |
| <b>Total Cash Receipts</b>   | <u>5,465,985</u>      | <u>1,775,911</u>           | <u>7,241,896</u>                        |
| <b>Cash Disbursements:</b>   |                       |                            |   |
| Salaries   | 2,285,076             | 937,036                    | 3,222,112                               |
| Benefits   | 545,383               | 224,439                    | 769,822                                 |
| Supplies   | 137,905               | 29,673                     | 167,578                                 |
| Equipment  | 5,569                 | 19,985                     | 25,554                                  |
| Contracts - Repair   | 142,095               | 1,812                      | 143,907                                 |
| Contracts - Services   | 181,553               | 90,916                     | 272,469                                 |
| Rental   | 35,350                | 13,360                     | 48,710                                  |
| Travel   | 29,219                | 5,559                      | 34,778                                  |
| Advertising and Printing   | 75,711                | 15,219                     | 90,930                                  |
| Worker's Compensation  | 45,379                | 18,721                     | 64,100                                  |
| Other  | 625,283               | 225,825                    | 851,108                                 |
| Debt Service   |                       |                            |   |
| Redemption of Principal  | 40,070                | -                          | 40,070                                  |
| Interest and Fiscal Charges  | 56,529                | -                          | 56,529                                  |
| <b>Total Disbursements</b>   | <u>4,205,122</u>      | <u>1,582,545</u>           | <u>5,787,667</u>                        |
| <b>Total Receipts Over Disbursements</b>   | <u>1,260,863</u>      | <u>193,366</u>             | <u>1,454,229</u>                        |
| <b>Other Financing Receipts/(Disbursements):</b>   |                       |                            |   |
| Transfers-In   | 1,177                 | -                          | 1,177                                   |
| Advances-In  | 150,900               | 72,500                     | 223,400                                 |
| Transfers-Out  | -                     | (1,177)                    | (1,177)                                 |
| Advances-Out   | (72,500)              | (150,900)                  | (223,400)                               |
| <b>Total Other Financing Receipts/(Disbursements)</b>  | <u>79,577</u>         | <u>(79,577)</u>            | <u>-</u>                                |
| Excess of Cash Receipts and Other Financing<br>Receipts Over Cash Disbursements<br>and Other Financing Disbursements | 1,340,440             | 113,789                    | 1,454,229                               |
| Fund Cash Balances, January 1  | 4,759,055             | 751,752                    | 5,510,807                               |
| <b>Fund Cash Balances, December 31</b>   | <u>\$ 6,099,495</u>   | <u>\$ 865,541</u>          | <u>\$ 6,965,036</u>                     |
| Reserves for Encumbrances, December 31   | <u>\$ 34,714</u>      | <u>\$ 9,607</u>            | <u>\$ 44,321</u>                        |

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

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**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010**

**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 Delaware General Health District, Delaware County, Ohio, (the District) as a body corporate and politic. The District is a combined general health district as defined by section 3709.07 of the Ohio Revised Code. It was established as a contractual union of the Delaware County Health District, Delaware City Health District and Powell City Health District. A nine-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, review of health programs, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

**B. Accounting Basis**

This financial statement follows 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).

This statement includes 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 Delaware 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

**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010  
(Continued)**

**1. Summary of Significant Account Policies (Continued)**

**D. Fund Accounting (Continued)**

District had the following significant Special Revenue Funds:

Bio Terrorism/PHER H1N1 – This is a Federal grant fund and is for public health infrastructure to develop emergency-ready public health departments by upgrading, integrating and evaluating State and local public health jurisdictions preparedness for and response to terrorism, pandemic influenza and other public health emergencies.

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund and accounts for the Special Supplemental Nutrition Program.

**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 District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2010 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.

**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010  
(Continued)**

**1. Summary of Significant Account Policies (Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**2. Budgetary Activity**

Budgetary activity for the year ending December 31, 2010 follows:

| 2010 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$5,257,776          | \$5,467,162        | \$209,386 |
| Special Revenue                   | 1,728,323            | 1,775,911          | 47,588    |
| Total                             | \$6,986,099          | \$7,243,073        | \$256,974 |

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$5,452,484                | \$4,239,836               | \$1,212,648 |
| Special Revenue                                       | 1,716,583                  | 1,593,329                 | 123,254     |
| Total   | \$7,169,067                | \$5,833,165               | \$1,335,902 |

**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 statement presents 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 \$2,943,637 in 2010. The financial statement presents these amounts as local tax 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, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010  
(Continued)**

**5. Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

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

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the District's share of these unpaid claims collectible in future years is approximately \$26,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010  
(Continued)**

**5. Risk Management (Continued)**

| <u>Contributions to PEP</u> |             |
|-----------------------------|-------------|
| <u>2009</u>                 | <u>2008</u> |
| \$27,753                    | \$27,753    |

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**6. Debt**

Debt outstanding for the year ending December 31, 2010 follows:

|                          | <u>Principal</u> | <u>Interest Rate</u> |
|--------------------------|------------------|----------------------|
| General Obligation Notes | 1,129,234        | 3.750%               |
| General Obligation Notes | 13,975           | 1.250%               |

The general obligation note was issued to refinance the initial loan to purchase of an office building in downtown Delaware in 2008 and acquire an additional office building. The building houses the District offices, a local bank and two law offices. The rate of interest was 3.750%. For the next three years, the rate will increase/decrease to the Prime + ½%, at the date of assessment, for the years four through six, and adjust subsequently every three years thereafter. The District makes monthly installments through February 1, 2028. The other general obligation note was to install an information system extension connecting the 5 West Winter Street building, by installing telephone lines and computer cabling and to renovate parts of the building. The notes had an interest rate of 1.250%. The notes are secured by the District's tax authority.

Amortization of the above debt, excluding interest annually, is scheduled as follows:

|                          | <u>General<br/>Obligation<br/>Notes</u> | <u>General<br/>Obligation<br/>Notes</u> |
|--------------------------|---|---|
| Year ending December 31: |   |   |
| 2011                     | \$47,041                                | \$2,272                                 |
| 2012                     | 49,327                                  | 2,301                                   |
| 2013                     | 51,350                                  | 2,331                                   |
| 2014                     | 53,337                                  | 2,360                                   |
| 2015                     | 55,401                                  | 4,711                                   |
| 2016-2020                | 310,689                                 | <u>\$13,975</u>                         |
| 2021-2025                | 375,764                                 |   |
| 2026-2028                | <u>186,324</u>                          | <u>\$1,129,234</u>                      |

**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2010  
(Continued)**

**7. Contingent Liability**

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.



**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

| <b>FEDERAL GRANTOR</b><br><i>Pass Through Grantor</i><br>Program Title                               | Pass Through<br>Entity<br>Number           | Federal<br>CFDA<br>Number | Disbursements              |
|--|--|---------------------------|----------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b><br><i>Passed Through Ohio Department of Health</i>             |  |                           |                            |
| Special Supplemental Nutrition Program for<br>Women, Infants, and Children (WIC)                     | 21-1-001-1-WA-310<br>21-1-001-1-WA-411     | 10.557                    | \$ 376,930<br>130,836      |
| Total U.S. Department of Agriculture   |  |                           | <u><b>507,766</b></u>      |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b><br><i>Passed Through Ohio Department of Public Safety</i>   |  |                           |                            |
| State and Community Highway Safety   | SC-2010-21-00-00-0373                      | 20.600                    | 29,241                     |
| State and Community Highway Safety   | SC-2011-21-00-00-0395                      |                           | 7,624                      |
| Total U.S. Department of Transportation  |  |                           | <u><b>36,865</b></u>       |
| <b>U. S. DEPARTMENT HEALTH AND HUMAN SERVICES</b><br><i>Passed Through Ohio Department of Health</i> |  |                           |                            |
| Public Health Emergency Preparedness   | 21-1-001-2-PH-0-110                        | 93.069                    | 80,125                     |
| Public Health Emergency Preparedness   | 21-1-001-2-PH-0-211                        |                           | 41,995                     |
| Public Health Emergency Preparedness--H1N1   | 21-1-001-2-PH-0-110                        |                           | 240,825                    |
| Preventive Health and Health Services Block Grant  | 21-1-001-4-CH-0-109<br>21-1-001-4-IP-0-110 | 93.991                    | 254<br>83,840              |
| Maternal and Child Health Services Block Grant   | 02-1-001-1-MC-0-310<br>02-1-001-1-MC-0-411 | 93.994                    | 19,295<br>11,529           |
| Total U. S. Department of Health and Human Services  |  |                           | <u><b>477,863</b></u>      |
| <b>Total Federal Awards Expenditures</b>   |  |                           | <u><b>\$ 1,022,494</b></u> |

*The accompanying notes are an integral part of this schedule.*

**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Delaware General Health District (the District's) federal award programs disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# 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

Delaware General Health District  
Delaware County  
1 West Winter Street  
Delaware, Ohio 43015

To the Members of the Board:

We have audited the financial statement of the Delaware General Health District, Delaware County, Ohio, (the District) as of and for the year ended December 31, 2010, and have issued our report thereon dated July 18, 2011 wherein we noted the District followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States. 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 statement, 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.

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statement is 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, Board of Health and federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.



**Robert R. Hinkle, CPA**  
Chief Deputy Auditor

July 18, 2011



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Delaware General Health District  
Delaware County  
1 West Winter Street  
Delaware, Ohio 43015

To the Members of the Board:

### Compliance

We have audited the compliance of Delaware General Health District, Delaware County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Delaware General Health District's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Delaware General Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, Board of Health, others within the entity, and federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Robert R. Hinkle, CPA**  
Chief Deputy Auditor

July 18, 2011

**DELAWARE GENERAL HEALTH DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |   |   |
|---------------------|---|---|
| <i>(d)(1)(i)</i>    | <b>Type of Financial Statement Opinion</b>  | Unqualified   |
| <i>(d)(1)(ii)</i>   | <b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>                        | No  |
| <i>(d)(1)(ii)</i>   | <b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No  |
| <i>(d)(1)(iii)</i>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                              | No  |
| <i>(d)(1)(iv)</i>   | <b>Were there any material internal control weaknesses reported for major federal programs?</b>                             | No  |
| <i>(d)(1)(iv)</i>   | <b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>               | No  |
| <i>(d)(1)(v)</i>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified   |
| <i>(d)(1)(vi)</i>   | <b>Are there any reportable findings under § .510?</b>  | No  |
| <i>(d)(1)(vii)</i>  | <b>Major Programs (list):</b>   | Public Health Emergency Preparedness– CFDA # 93.069 |
| <i>(d)(1)(viii)</i> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others          |
| <i>(d)(1)(ix)</i>   | <b>Low Risk Auditee?</b>  | Yes   |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**DELAWARE GENERAL HEALTH DISTRICT**

**DELAWARE 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  
AUGUST 2, 2011**