



**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

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Mary Taylor, CPA

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 statement 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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 5, 2008

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Mary Taylor, CPA

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, 2007. 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 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 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 presents, 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 require 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 statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2007 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, 2007, 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, 2007, 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2008, 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 financial statements that collectively comprise the District's financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a federal awards expenditure schedule. The schedule is not a required part of the financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

August 5, 2008

**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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$2,868,470	\$0	\$2,868,470
Intergovernmental	606,160	950,887	1,557,047
Subdivisons	250,000	0	250,000
Inspection Fees	76,805	0	76,805
Permits	389,630	12,586	402,216
Other fees	136,554	67,624	204,178
Licenses	0	262,995	262,995
Contractual Services	15,501	0	15,501
Other receipts	288,949	55,506	344,455
Total Cash Receipts	<u>4,632,069</u>	<u>1,349,598</u>	<u>5,981,667</u>
Cash Disbursements:			
Salaries	2,183,156	864,072	3,047,228
Benefits	798,267	290,695	1,088,962
Supplies	145,352	55,394	200,746
Remittances to State	0	25,229	25,229
Equipment	2,100	0	2,100
Contracts - Repair	19,126	1,076	20,202
Contracts - Services	231,431	18,311	249,742
Rentals	43,043	7,910	50,953
Travel	16,773	5,103	21,876
Program Expenses	45,890	1,990	47,880
Utilities and rentals	83,695	4,648	88,343
Advertising and printing	65,035	24,296	89,331
Worker's compensation	26,545	12,205	38,750
Other	151,615	45,611	197,226
Debt Service:			
Redemption of Principal	57,416	0	57,416
Interest and Fiscal Charges	62,805	0	62,805
Total Cash Disbursements	<u>3,932,249</u>	<u>1,356,540</u>	<u>5,288,789</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>699,820</u>	<u>(6,942)</u>	<u>692,878</u>
Other Financing Receipts/(Disbursements):			
Transfer In	6,629	11,220	17,849
Transfer Out	(11,220)	(6,629)	(17,849)
Advances-In	56,461	52,261	108,722
Advances-Out	(52,261)	(56,461)	(108,722)
Total Other Financing Receipts/(Disbursements)	<u>(391)</u>	<u>391</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>699,429</u>	<u>(6,551)</u>	<u>692,878</u>
Fund Cash Balances, January 1	<u>2,417,367</u>	<u>664,558</u>	<u>3,081,925</u>
Fund Cash Balances, December 31	<u>\$3,116,796</u>	<u>\$658,007</u>	<u>\$3,774,803</u>
Reserves for Encumbrances, December 31	<u>\$83,252</u>	<u>\$20,411</u>	<u>\$103,663</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, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Delaware General Health District, Delaware County, Ohio (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 City Health District and Powell City Health District with the Delaware County Health District. The District is directed by a nine-member Board under section 3709.02 and section 3709.07 of the Ohio Revised Code, and is responsible for the administration of all health programs established by the Ohio Revised Code, Administrative Codes, and any programs deemed necessary by the District. The District's services include communicable disease investigations, review of health programs, immunization clinics, inspections, public health nursing services and issues, and health-related licenses and permits.

By law, the Delaware County Auditor is the fiscal agent of the District.

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

B. Basis of Accounting

This financial statement follows the basis of accounting 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 adequately discloses material matters the Auditor of State's accounting basis requires.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, valued at the County 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.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Fund:

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund which 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 Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2007 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 statement does 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 statement does not include a liability for unpaid leave.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,705,837	4,638,698	(\$67,139)
Special Revenue	1,422,469	1,360,818	(61,651)
Total	\$6,128,306	\$5,999,516	(\$128,790)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,659,646	\$4,026,721	\$632,925
Special Revenue	1,570,385	1,383,580	186,805
Total	\$6,230,031	\$5,410,301	\$819,730

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 \$2,868,470 in 2006. The financial statement presents these amounts as local 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 retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members required contribution was 9.5% percent of their gross salaries. District employees contributed 2.5 percent of their required 9.5 percent contribution, while the District contributed the remaining 7.0 percent on their behalf. The District contributes an amount equal to 13.85 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007
(Continued)**

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

6. DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$951,910	5.86%

The general obligation notes were issued to finance the purchase of an office building in downtown Delaware in 2003. The building houses the District offices, a local bank and law offices. The initial rate of interest is 3% for the first 3 years. 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 January 1, 2018. The notes are secured by the District's tax authority.

Amortization of the above debt, excluding interest of 5.86% annually, is scheduled as follows:

Year ending December 31:	
2008	118,835
2009	118,835
2010	118,835
2011	118,835
2012	118,835
2013-2018	<u>357,735</u>
Total	\$ 951,910

The annual interest rate is subject to change every three years throughout the life of the note. Consequently, the payments could vary from those demonstrated in the above amortization schedule.

7. 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 be immaterial.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>US DEPARTMENT OF ARICULTURE</u>			
<i>Passed Through Ohio Department of Health:</i>			
Special Supplemental Nutrition Program for Woment, Infants, and Children (WIC)	21-1-001-1-CL-07 21-1-001-1-WA-08	10.557	\$299,062 82,130
Total U.S. Deapartment of Ariculture			<u>381,192</u>
<u>US DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	SC-2007-21-00-00-00470 SC-2008-21-00-00-00279	20.600	25,637 6,713
Total US Department of Transportation			<u>32,350</u>
<u>US ENVIRONMENTAL PROTECTION AGENCY</u>			
Nonpoint Source Implementation Grants	N/A	66.460	20,471
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Health:</i>			
Center for Disease Control and Prevention Investigation and Techical Assistance	21-1-001-2-BI-07 21-1-001-2-BI-08	93.283	150,638 25,782
Preventive Health and Human Services Block Grant	21-1-001-2-ED-06 21-1-001-2-ED-07	93.991	1,908 48,945
Maternal and Child Health Services Block Grant	21-1-001-1-MC-07 21-1-001-1-MC-08	93.994	30,612 23,943
Total US Department of Health and Human Services			<u>281,828</u>
Total Federal Awards Expenditures			<u><u>\$715,841</u></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, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

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, 2007, and have issued our report thereon dated August 5, 2008, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be significant deficiency in internal control over financial reporting: 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies that and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2007-002 is also a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated August 5, 2008.

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 matter that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters that we reported to the District's management in a separate letter dated August 5, 2008.

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

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



Mary Taylor, CPA
Auditor of State

August 5, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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 apply to each of its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 types of 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 apply to each of its major federal programs for the year ended December 31, 2007. In a separate letter to the District's management dated August 5, 2008, we noted an other matter related to federal noncompliance not requiring inclusion in this report.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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.

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

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



Mary Taylor, CPA
Auditor of State

August 5, 2008

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children (WIC) – CFDA#10.557 Centers for Disease Control and Prevention-Investigations and Technical Assistance CFDA#93.283
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

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

Finding Number	2007-001
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Non-Compliance Citation

Certification of Expenditures

Ohio Revised Code § 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the County Auditor certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Commissioners can authorize the drawing of a warrant for the payment of the amount due. The Commissioners have thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Commissioners.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Commissioners may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Sixteen percent of the transactions tested were not properly certified at the time the commitment was incurred and none of the exceptions provided for were used. Failure to properly certify the availability of funds can result in overspending funds and negative fund cash balances.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)**

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

Finding Number	2007-001 (Continued)
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Non-Compliance Citation (Continued)

Certification of Expenditures (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Operations Manager certify the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

Officials' Response: The practice of purchasing without certification (purchase order) is never desired. Unfortunately, some circumstances create a situation where certification is not possible. We will work to keep this at a minimum.

Finding Number	2007-002
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Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the District Financial Department and the District's Board of Health and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments/reclassifications were made to the financial statement and client records:

1. Adjustments to reclassify local taxes, contractual services, reimbursements, and other non-revenue receipts, to intergovernmental, inspection fees, other fees, and other receipts in the general fund totaling \$1,786,572.
2. Adjustments to reclassify PERS, contracts-repair, rental, travel and other expenses to benefits, contracts-services, advertising and printing, debt interest payments, debt principal, utilities, and program expenses for the general fund, totaling \$2,255,080
3. Adjustments to reclassify other expenses, project fund expenses, and State of Ohio portion of permit fee, to salaries, benefits, contracts-services, contracts-repair, transfers out, worker's comp, printing and advertising, supplies, utilities, rental, travel, program expenses, and remittances to state for special revenue funds, totaling \$2,095,514
4. Adjustment to reclassify other revenue receipts to licenses for \$262,995 in the food service fund.
5. Adjustment to decrease transfers in and transfers out by \$4,812 from the financials in the special revenue funds.
6. Adjustment to reclassify grants receipts as intergovernmental receipts for \$950,887 in the special revenue funds.
7. Adjustment to reclassify other non-revenue receipts as other receipts for \$300 in the special revenue funds.

DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)

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

Finding Number	2007-002 (Continued)
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Material Weakness (Continued)

Financial Reporting (Continued)

8. Adjustment to reclassify transfers out as advances out in the general fund for \$52,261, and in the special revenue fund transfers in as advances in for \$52,261.
9. Adjustment to reclassify transfers in as advances in and a reduction in payroll expenses for \$68,575 in the general fund, and transfers out as advances out and addition of payroll expenses for \$56,461 in the special revenue funds.

The following differences were inconsequential to the overall financial statements of the District and were not posted to the December 31, 2007 financial statement.

1. General Fund benefit expenses and other receipts revenues are overstated by \$57,284.
2. General Fund intergovernmental receipts and cash are understated by \$1,797.
3. General Fund intergovernmental receipts are understated and other revenues were overstated by \$63,244.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities occurring and going undetected by management and decreases the reliability of the financial data throughout the year.

We recommend the Board of Health adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the District and thereby increasing the reliability of the financial data throughout the year.

Officials' Response: We did not receive a response from Officials for the finding reported above.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Non-compliance / Significant Deficiency for ORC 5705.41(D) for certification of expenditures.	No	Not corrected See Finding 2007-001
2006-002	Significant Deficiency / Material Weakness for accurate Financial Reporting for the Financial Statements.	No	Not Corrected See Finding 2007-002



Mary Taylor, CPA
Auditor of State

DELAWARE COUNTY GENERAL HEALTH DISTRICT

FRANKLIN 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
OCTOBER 9, 2008**