



**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

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Mary Taylor, CPA  
Auditor of State

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 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 9, 2010

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# Mary Taylor, CPA

## Auditor of State

### 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, 2009 and 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 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, 2009 and 2008, 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, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years 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 9, 2010, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 9, 2010

**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, 2009**

	<u>All Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 422,550	\$ 166,189	\$ 588,739
Charges for Services	90,021	5,131	95,152
Licenses Fees and Permits	56,400	153,180	209,580
Miscellaneous	34,552	2,215	36,767
	<u>603,523</u>	<u>326,715</u>	<u>930,238</u>
<b>Total Cash Receipts</b>			
	<u>603,523</u>	<u>326,715</u>	<u>930,238</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Health:			
Salaries	258,386	251,265	509,651
Fringe Benefits	167,878	42,580	210,458
Supplies	17,278	35,539	52,817
Remittances to State	27,203	11,075	38,278
Equipment	-	500	500
Contracts - Services	17,374	12,780	30,154
Travel	15,716	3,215	18,931
Other	28,820	2,344	31,164
Debt Service	20,000	-	20,000
	<u>552,655</u>	<u>359,298</u>	<u>911,953</u>
<b>Total Disbursements</b>			
	<u>552,655</u>	<u>359,298</u>	<u>911,953</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>50,868</u>	<u>(32,583)</u>	<u>18,285</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	-	3,471	3,471
Advances-In	-	27,531	27,531
Transfers-Out	(3,471)	-	(3,471)
Advances-Out	(27,531)	-	(27,531)
	<u>(31,002)</u>	<u>31,002</u>	<u>-</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(31,002)</u>	<u>31,002</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>19,866</u>	<u>(1,581)</u>	<u>18,285</u>
<b>Fund Cash Balances, January 1</b>	<u>25,792</u>	<u>108,137</u>	<u>133,929</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 45,658</u></u>	<u><u>\$ 106,556</u></u>	<u><u>\$ 152,214</u></u>

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

**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, 2008**

	<u>All Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 406,698	\$ 209,333	\$ 616,031
Charges for Services	135,735	5,566	141,301
Licenses Fees, Permits	70,238	158,829	229,067
Miscellaneous	31,053	1,124	32,177
	<u>643,724</u>	<u>374,851</u>	<u>1,018,575</u>
<b>Total Cash Receipts</b>			
	<u>643,724</u>	<u>374,851</u>	<u>1,018,575</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Health:			
Salaries	333,448	258,734	592,182
Fringe Benefits	175,013	42,857	217,870
Supplies	21,258	66,371	87,629
Remittances to State	26,696	11,472	38,168
Equipment	-	2,450	2,450
Contracts	20,530	17,108	37,638
Travel	17,546	3,489	21,035
Other	29,052	3,121	32,173
Debt Service	35,000	-	35,000
Capital Outlay	13,652	-	13,652
	<u>672,195</u>	<u>405,602</u>	<u>1,077,797</u>
<b>Total Disbursements</b>			
	<u>672,195</u>	<u>405,602</u>	<u>1,077,797</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(28,471)</u>	<u>(30,751)</u>	<u>(59,222)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	-	4,500	4,500
Advances-In	-	1,250	1,250
Transfers-Out	(4,500)	-	(4,500)
Advances-Out	(1,250)	-	(1,250)
	<u>(5,750)</u>	<u>5,750</u>	<u>-</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(5,750)</u>	<u>5,750</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(34,221)</u>	<u>(25,001)</u>	<u>(59,222)</u>
<b>Fund Cash Balances, January 1</b>	<u>60,013</u>	<u>133,138</u>	<u>193,151</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 25,792</u></u>	<u><u>\$ 108,137</u></u>	<u><u>\$ 133,929</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, 2009 AND 2008**

**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 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. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Pickaway County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

Child & Family Health Services Fund - This fund received grant monies from the Ohio Department of Health for clinical services and vaccinations for child welfare.

Tobacco Prevention Grant Fund - This fund received grant monies from the Ohio Tobacco Use Prevention and Control Foundation for tobacco prevention education. This grant ended in June 30, 2009.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2009 and 2008 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.

**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**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, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$704,170	\$603,523	(\$100,647)
Special Revenue	431,099	357,717	(73,382)
Total	<u>\$1,135,269</u>	<u>\$961,240</u>	<u>(\$174,029)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$713,831	\$583,667	\$130,164
Special Revenue	481,878	359,298	122,580
Total	<u>\$1,195,709</u>	<u>\$942,965</u>	<u>\$252,744</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$787,885	\$643,724	(\$144,161)
Special Revenue	470,550	380,601	(89,949)
Total	<u>\$1,258,435</u>	<u>\$1,024,325</u>	<u>(\$234,110)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$821,093	\$677,945	\$143,148
Special Revenue	563,756	405,602	158,154
Total	<u>\$1,384,849</u>	<u>\$1,083,547</u>	<u>\$301,302</u>

**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Intergovernmental Funding**

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**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 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

**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, 2008, PEP retained \$350,000 for casualty claims and \$100,000 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.

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

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, 2008 and 2007 (the latest information available):

**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Risk Management (Continued)**

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$5,187.

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.

<b><u>Contributions to PEP</u></b>	
2009	\$5,348
2008	\$5,467
2007	\$5,448

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they 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 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. Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**7. Related Party Transactions**

A Board Member owns and operates a local pharmacy which the District uses to provide seasonal flu vaccinations on an emergency basis only. During 2009 and 2008, the District paid the pharmacy a total of \$255 and \$4,218 respectively.

**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. Operating Lease**

The District entered into a lease with Nourse Dealerships in Chillicothe, Ohio for the lease of one vehicle to be used for District business. This vehicle was financed with Toyota Financing and commenced on April 1, 2009 and will mature on March 29, 2011. For fiscal year 2009, the District paid a total of \$2,118 in lease payments on this lease.

The following minimum lease payments will be made for fiscal year ending:

<u>Fiscal Year Ending December 31</u>	
2010	\$2,824
2011	<u>706</u>
Total Minimum Lease Payments	<u><u>\$3,530</u></u>

**9. Debt**

On January 1<sup>st</sup> 2008 the District still owed a total of \$55,200 to the Pickaway County Commissioners to pay back an advance of \$82,700 that was received in September 2006. Of this outstanding debt, \$35,000 was paid back in 2008 and the remaining \$20,200 was repaid in fiscal year 2009.

**10. Management Plan**

Over the past 3 years, the District has seen a steady decline in site evaluations, sewage permits and well permits. This is due to the current status of the economy and the slow market for housing. The District saw little improvement for these revenue streams in 2009 and 2008.

The District did not purchase seasonal flu vaccine in 2009 due to decreased revenue. Therefore, it saw a huge decline in immunization revenue. The District spent a significant amount of time hosting H1N1 clinics where vaccine was given for free. These clinics included everyone on staff, due to our small staff and the response that the community required.

The District began spending countless hours in 2008 trying to determine our plan of action due to decreased revenue. The District had to decrease expenditures. Since we had already curtailed spending, we had to look at personnel cost. Therefore, the finance committee, (made up of the Health Commissioner, Director of Operations and 3 board members) and the Board of Health outlined the following plan of action to decrease department expenditures:

- The District was closed on Fridays beginning in January of 2009
- Two employees were laid off- a sanitarian and a nurse;
- Ten furlough days for employees from September to December of 2009;
- Salary of Administration Staff were decreased 5.5% in pay from September 1, 2009 to June 30, 2010
- Insurance premiums were recalculated with more of the expense coming from the employee.

We are continuing to look closely at what we need to accomplish to maintain a balanced budget and services to the community.



# 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*

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, 2009 and December 31, 2008, and have issued our report thereon dated August 9, 2010, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 9, 2010.

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

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



**Mary Taylor, CPA**  
Auditor of State

August 9, 2010

**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Allowability of Transfer – Material Noncompliance/Material Weakness**

Ohio Rev. Code section 5705.14 states, in part, that the unexpended balance in any special fund, other than an improvement fund, may be transferred to the general fund...after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.

Except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members. Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e., a two thirds vote is not required for general fund transfers though a resolution passed by a simple majority is required. A simple majority constitutes a quorum of greater than 50% of the members.).

The District made the following interfund transfer during 2009:

<i>Date</i>	<i>Transfer Out</i>	<i>Transfer In</i>	<i>Amount</i>
2/4/2009	Trailer Park Fund	General Fund	\$5,000

This transfer did not comply with Ohio Rev. Code 5705.14 and was not approved by the Board of Health.

The District has revised its accounting records and financial statements to reverse this unapproved transfer.

We recommend the Board of Health to approve all interfund transfers, and approval should be documented in the minutes. We also recommend the Board of Health to approve any transfer of monies from a special revenue fund to the general fund by two thirds majority vote prior to the occurrence of the transfer.

**Officials Response:**

We have been made aware that monies cannot be moved from a special revenue fund to the general fund and will ensure we follow this requirement in the future.

**GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Allowability of Grant Advance	Yes	
2007-002	Financial Statement Adjustments	Partially Corrected	Re-issued in Management Letter



**Mary Taylor, CPA**  
Auditor of State

**PICKAWAY COUNTY 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  
SEPTEMBER 9, 2010**