



Dave Yost • Auditor of State

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

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Dave Yost • Auditor of State

Jefferson General Health District
Jefferson County
500 Market Street, 7th Floor
Steubenville, Ohio 43952

To the Board of Directors:

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

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Dave Yost
Auditor of State

August 21, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jefferson General Health District
Jefferson County
500 Market Street, 7th Floor
Steubenville, Ohio 43952

To the Board of Directors:

We have audited the accompanying financial statements of the Jefferson General Health District, Jefferson County, (the District) as of and for the year ended December 31, 2011. 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 year ended December 31, 2011 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, 2011, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Jefferson General Health District, Jefferson County, as of December 31, 2011, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Jefferson General Health District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements 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 statements. 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 statements. This schedule was subject to the auditing procedures we applied to the financial statements. 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 statements or to the financial statements 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 statements taken as a whole.



Dave Yost
Auditor of State

August 21, 2012

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental:			
Apportionments	\$236,732		\$236,732
Grants	2,950	\$730,101	733,051
Other	8,972		8,972
Licenses		70,000	70,000
Other Fees	79,762	696,601	776,363
Contractual Services	24,888	289,200	314,088
Miscellaneous	1,459	9,862	11,321
<i>Total Cash Receipts</i>	<u>354,763</u>	<u>1,795,764</u>	<u>2,150,527</u>
Cash Disbursements			
Current:			
Health:			
Salaries	180,589	621,221	801,810
Supplies	5,065	34,328	39,393
Remittances to State		4,823	4,823
Maintenance	456	4,438	4,894
Equipment		3,903	3,903
Contracts - Services		144,465	144,465
Travel	7,420	18,677	26,097
Certifications	24,486		24,486
Utilities and Rentals	6,553	34,809	41,362
Social Security and Medicare	2,773	9,159	11,932
Public Employees' Retirement	23,801	87,849	111,650
Workers' Compensation	6,159	31,012	37,171
Unemployment	2,760	2,428	5,188
Hospitalization	28,058	212,596	240,654
Other	37,883	643,489	681,372
<i>Total Cash Disbursements</i>	<u>326,003</u>	<u>1,853,197</u>	<u>2,179,200</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>28,760</u>	<u>(57,433)</u>	<u>(28,673)</u>
Other Financing Receipts (Disbursements)			
Transfers In	59,817	33,450	93,267
Transfers Out		(93,267)	(93,267)
Advances In	1,060	71,193	72,253
Advances Out	(66,990)	(25,859)	(92,849)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,113)</u>	<u>(14,483)</u>	<u>(20,596)</u>
<i>Net Change in Fund Cash Balances</i>	22,647	(71,916)	(49,269)
<i>Fund Cash Balances, January 1</i>	<u>22,469</u>	<u>211,859</u>	<u>234,328</u>
Fund Cash Balances, December 31			
Restricted		106,314	106,314
Assigned		33,629	33,629
Unassigned (Deficit)	45,116		45,116
<i>Fund Cash Balances, December 31</i>	<u>\$45,116</u>	<u>\$139,943</u>	<u>\$185,059</u>

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

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Enterprise
Operating Cash Receipts:	
Charges for Service	\$7,415
Fines, Licenses, and Permits	154,887
Miscellaneous	1,267
	163,569
<i>Total Operating Cash Receipts</i>	163,569
Operating Cash Disbursements:	
Personal Services	110,834
Supplies and Materials	2,595
Travel	8,245
Certifications	13,612
Utilities and Rentals	522
Public Employees Retirement	15,028
Workers' Compensation	6,818
Hospitalization	15,783
Medicare	1,606
Other	5,584
	180,627
<i>Total Operating Cash Disbursements</i>	180,627
Operating Income/Loss	(17,058)
Advances In	20,609
Advances Out	(13)
<i>Net Receipts Over/(Under) Disbursements</i>	3,538
<i>Fund Cash Balances, January 1</i>	80,423
<i>Fund Cash Balances, December 31</i>	83,961

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

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 Jefferson General Health District, Jefferson County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, 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 Jefferson 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:

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

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction, Demolition and Debris Fund - This fund receives tonnage fees from landfills and construction, demolition, and debris materials. Monies are then remitted to the appropriate agencies. Amount retained by the District are used to pay for investigations of illegal trash disposals.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The District had the following significant enterprise funds:

Food Service Fund - This fund receives revenues relating to food service licenses. It accounts for the cost of providing various services including site inspections.

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 2.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by state statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 year ending December 31, 2011 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$415,641	\$414,580	(\$1,061)
Special Revenue	1,900,408	1,829,214	(71,194)
Enterprise	180,722	163,569	(17,153)
Total	\$2,496,771	\$2,407,363	(\$89,408)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$392,993	\$326,003	\$66,990
Special Revenue	1,972,324	1,946,464	25,860
Enterprise	179,093	180,627	(1,534)
Total	\$2,544,410	\$2,453,094	\$91,316

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 2011, 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, 2011.

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

5. RISK MANAGEMENT

The District is covered as part of Jefferson County's insurance coverage. County officials entered into an agreement with the County Risk Sharing Authority (CORSA), in conjunction with the County Commissioners Association of Ohio, to provide insurance coverage on property, buildings, vehicles, and equipment through a self insurance program. Real property and contents are 100% insured.

The County Risk Sharing Authority, Inc. (CORSA), is a public entity shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self Insurance program, a primary group and Excess Insurance/Self Insurance and Risk Management Program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage's provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' error and omissions liability insurance.

Each member, one from each member county, has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each Member County's control over budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest or a financial responsibility.

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health:</i>			
Special Supplemental Food Program for Women, Infants and Children	04110011WA0311	10.557	274,617
	04110011WA0412		<u>85,489</u>
Total U.S. Department of Agriculture			<u>360,106</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health:</i>			
Maternal and Child Health Services Block Grant	04110011MC0311	93.994	37,580
	04110011MC0312		<u>503</u>
Total Maternal and Child Health Services Block Grant			38,083
Public Health Emergency Preparedness Grant			
PHER Phase 1	04110012PH0111	93.069	9,337
PHER Phase 2	04110012PH0111		1,756
PHER Phase 3	04110012PH0211		32,809
PHEP	04110012PH0111		121,231
	04110012PH0212		<u>65,986</u>
Total Public Health Emergency Preparedness Grant			231,119
Total U.S. Department of Health and Human Services			<u>269,202</u>
Total			<u>\$629,308</u>

The accompanying notes are an integral part of this schedule.

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the General Health District's (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.

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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

Jefferson General Health District
Jefferson County
500 Market Street, 7th Floor
Steubenville, Ohio 43952

To the Board of Directors:

We have audited the financial statements of Jefferson General Health District, Jefferson County, Ohio, (the District) as of and for the year ended December 31, 2011, and have issued our report thereon dated August 21, 2012, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, we noted the District implemented Government Accounting Standards Board Statement 54 *Fund Balance and Governmental Type Definitions* in 2011. 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 2011-02 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 2011-01.

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 21, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

August 21, 2012



Dave Yost • Auditor of State

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

Jefferson General Health District
Jefferson County
500 Market Street, 7th Floor
Steubenville, Ohio 43952

To the Board of Directors:

Compliance

We have audited the compliance of Jefferson General Health District, Jefferson County (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 Jefferson General Health District's major federal program for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings and questioned costs 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 each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

As described in finding 2011-03 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable/unallowable costs and cost principals applicable to its Special Supplemental Food Program for Woman, Infants and Children major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, Jefferson 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, 2011.

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 the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weaknesses .

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-03 and 2011-04 to be material weaknesses.

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



Dave Yost
Auditor of State

August 21, 2012

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2001-01

Noncompliance Citation

Ohio Revised Code Section 5705.41 (D) provides in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**FINDING NUMBER 2001-01
(Continued)**

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 no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board if such expenditure is otherwise valid.
- 2. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3. Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line item appropriation 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 may be outstanding a particular time for any line item appropriation.

The Fiscal Officer did not certify or record the amount against the applicable appropriation accounts for 50% of tested expenditures in 2011. The District did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending and in negative cash balances. 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, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

The Fiscal Officer should certify the full purchase amounts to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2011-02
 (Continued)**

Material Weakness

The Fiscal Officer did not correctly post all receipts in 2011, resulting in a reclassification and an adjustment on the financial statements. The Fiscal Officer has agreed to the reclassification and the adjustment and has posted the adjustment to the accounting ledgers. The corrected amounts are reflected in the accompanying financial statements.

Fund	Account	Amount	Description
Adjustment			
Landfills	Other fees	\$12,456	Mispasted to the Ground Water Fund as charges for services revenue
Reclassification			
Landfills	Other fees	\$34,093	Misclassified as licenses revenue

The Fiscal Officer should maintain the accounting system to enable the Health District to identify, assemble, analyze, classify, record and report all transactions and to maintain accountability. The District should adopt procedures for the review of posted transactions and the subsequent reporting on the financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2011-03
CFDA Title and Number	Special Supplemental Food Program for Women, Infant & Children CFDA # 10.557
Federal Award Number / Year	0411011WA0311 0411011WA0312
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Health

Noncompliance/Questioned Cost/Material Weakness/Activities Allowed and Unallowed

2 Code of Federal Regulations Part 225 Appendix B Section 8H (4) states where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of the appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

**FINDING NUMBER 2011-03
 (Continued)**

2 CFR 225, Appendix B, paragraph (8)(h)(5) further states that personnel activity reports or equivalent documentation must:

- Reflect an after the fact distribution of the actual activity of each employee;
- Account for the total activity for which each employee is compensated;
- Be prepared at least monthly and must coincide with one or more pay periods; and,
- Be signed by the employee.

One employee, who worked on multiple cost objectives, was partially paid with Special Supplemental Food Program for Women, Infant, and Children grant funds. This employee did not complete time and effort logs for the entire audit period. Failure to maintain the time and effort logs, as required, has resulted in questioned costs in the amount of \$11,657 (\$8,537 from the 2011 grant and \$3,120 from the 2012 grant) for the portion of the salaries and benefits paid from the Special Supplemental Food Program for Women, Infant, and Children.

The District should establish specific procedures by which each employee working on multiple activities or multiple federal programs will complete time and effort logs on a timely basis. The time and effort logs should be an "after the fact" representation of the hours worked. Therefore, these should be completed in a reasonably short time after the end of the period the log is meant to cover. All time and effort logs should be full disclosure of the facts and should include credible signatures.

This questioned cost will be referred to the Ohio Department of Health.

Finding Number	2011-04
CFDA Title and Number	Special Supplemental Food Program for Women, Infant & Children CFDA # 10.557
Federal Award Number / Year	0411011WA0311 0411011WA0312
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Health

Material Weakness

A key internal control designed by the District to ensure compliance with the allowable/unallowable costs and cost principles requirements for the Special Supplemental Food Program for Women, Infant and Children (WIC) is the signature of the program's director on each requisition. Of the 21 expenditures tested for the operation of the control, 2 requisitions were not signed by the Program Director. A deficiency in the operation of the control procedure suggests a reasonable possibility that material noncompliance with the federal program compliance requirement will not be prevented, timely detected or corrected.

To prevent payment of unallowable costs, the Program Director should initiate procedures by which payment of non authorized expenditures will not be completed.

Officials' Response

We did not receive a response from officials to the findings reported above.

**JEFFERSON GENERAL HEALTH DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDING DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Revised Code Section 5705.41 (B)	Partially	Reissued in Management Letter
2010-002	Material Weakness-failure to accurately post transactions	No	Reissued as Finding 2011-02

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Dave Yost • Auditor of State

JEFFERSON GENERAL HEALTH DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 10, 2013**