



Dave Yost • Auditor of State



**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Combined General Health District  
Jackson County  
200 Main Street  
Jackson, Ohio 45640

To the Board of Health:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Combined General Health District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Combined General Health District, Jackson County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1F to the financial statements, during 2011 the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

As discussed in Note 7 to the financial statements, the District has suffered recurring losses from operations and has a net fund cash balance deficiency. Note 8 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2013 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 21, 2013

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental	\$283,519	\$165,525	\$449,044
Other Fees	43,764	75,768	119,532
Licenses		115,771	115,771
Contract Services	148,313	232,131	380,444
Miscellaneous	2,518	9,981	12,499
<i>Total Cash Receipts</i>	<i>478,114</i>	<i>599,176</i>	<i>1,077,290</i>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	260,107	317,590	577,697
Fringe Benefits	92,408	93,269	185,677
Supplies	3,535	13,004	16,539
Remittances to State	21,112	65,063	86,175
Equipment		1,523	1,523
Contracts- Services	7,854	101,399	109,253
Travel	3,662	9,138	12,800
Other	30,827	24,201	55,028
<i>Total Cash Disbursements</i>	<i>419,505</i>	<i>625,187</i>	<i>1,044,692</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>58,609</i>	<i>(26,011)</i>	<i>32,598</i>
<i>Fund Cash Balances, January 1</i>	<i>(139,995)</i>	<i>83,432</i>	<i>(56,563)</i>
<b>Fund Cash Balances, December 31</b>			
Restricted		89,279	89,279
Unassigned (Deficit)	(81,386)	(31,858)	(113,244)
<i>Fund Cash Balances, December 31</i>	<i>(\$81,386)</i>	<i>\$57,421</i>	<i>(\$23,965)</i>

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

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental	\$404,096	\$80,134	\$484,230
Permits		450	450
Other Fees	40,607	50,816	91,423
Licenses		120,359	120,359
Contract Services	213,796	160,545	374,341
Miscellaneous	11,767	20,103	31,870
<i>Total Cash Receipts</i>	<u>670,266</u>	<u>432,407</u>	<u>1,102,673</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	370,793	227,838	598,631
Fringe Benefits	131,214	51,231	182,445
Supplies	9,460	5,034	14,494
Remittances to State		64,953	64,953
Equipment		12,639	12,639
Contracts-Repair	2,308		2,308
Contracts- Services	92,206	42,437	134,643
Travel	8,287	12,519	20,806
Other	42,717	24,131	66,848
<i>Total Cash Disbursements</i>	<u>656,985</u>	<u>440,782</u>	<u>1,097,767</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,281</u>	<u>(8,375)</u>	<u>4,906</u>
<i>Fund Cash Balances, January 1</i>	<u>(153,276)</u>	<u>91,807</u>	<u>(61,469)</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		84,652	84,652
Unassigned (Deficit)	<u>(139,995)</u>	<u>(1,220)</u>	<u>(141,215)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$139,995)</u></u>	<u><u>\$83,432</u></u>	<u><u>(\$56,563)</u></u>

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



**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 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 Combined General Health District, Jackson 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.

Additionally, the District serves as administrative agent for the Jackson County Family and Children First Council.

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 Jackson 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Special Revenue Funds:

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

Help Me Grow (HMG) Fund - This fund receives monies for providing contractual services to qualifying clients of the Jackson County Family and Children First Council.

Solid Waste Fund - This fund receives fees from the Beech Hollow landfill for litter prevention.

**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 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 2012 and 2011 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:

**1. Nonspendable**

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

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

**F. Fund Balance (Continued)**

**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.

**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.

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$478,114	\$478,114	\$0
Special Revenue	599,176	599,176	0
Total	\$1,077,290	\$1,077,290	\$0

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$419,505	\$419,505	\$0
Special Revenue	625,187	625,187	0
Total	\$1,044,692	\$1,044,692	\$0

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$670,266	\$670,266	\$0
Special Revenue	432,407	432,407	0
Total	\$1,102,673	\$1,102,673	\$0

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$656,985	\$656,985	\$0
Special Revenue	440,782	440,782	0
Total	\$1,097,767	\$1,097,767	\$0

**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.

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 \$277,593 in 2012 and \$284,630 in 2011. The financial statements present the amounts as Intergovernmental Receipts.

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. Retirement System**

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 2012 and 2011, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2012.

**5. Risk Management**

The District has obtained commercial insurance for the following risks:

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

**6. Contingent Liabilities**

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

**7. Deficit Fund Balances**

At December 31, 2011 the District's General Fund had a deficit fund balance of \$139,995. At December 31, 2012, the General Fund had a deficit fund balance of \$81,386.

**8. Management's Plans to Reduce General Fund Deficit**

At December 31, 2009, the General Fund had a deficit fund balance of \$185,448. As of December 31, 2012 that deficit balance was \$81,386. The District was successful in passing in half-mill levy in November 2010 and this will have a favorable impact on revenues collected. The District will continue with their austerity program until such time as the deficit balance is resolved. Barring any unforeseen emergencies it is expected that the General Fund will have a positive balance by December 31, 2014.

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# Dave Yost • Auditor of State

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

Combined General Health District  
Jackson County  
200 Main Street  
Jackson, Ohio 45640

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Combined General Health District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2013, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the District has adopted Governmental Accounting Standards Board Statement No. 54, and that the District is experiencing financial difficulties.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-02 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, opining 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 2012-01.

***Entity's Response to Findings***

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.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 21, 2013



**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-01**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking proper certification shall be null and void. 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 District can authorize the drawing of a warrant for the payment of the amount due. The District has 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 District.

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 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.

Forty-four percent of the transactions tested for 2012 and 2011 were not certified by the District at the time the commitment was incurred and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-01 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (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 the Fiscal Officer 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.

We recommend the District certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The County Auditor should sign the certification at the time the District incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The County Auditor should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials' Response:**

The District will endeavor to eliminate expenditures being committed to prior to having the appropriate certificate in place and approved. Our procedures for having purchase requisitions reviewed and approved by the Health Commissioner prior to placing orders or contracting for service will be strictly enforced. This should eliminate expenditures being made prior to having the appropriation for these items.

**FINDING NUMBER 2012-02**

**Material Weakness**

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

2011:

- In the General Fund, \$26,866 of Intergovernmental Revenue that was recorded as Miscellaneous Revenue was reclassified.
- Also in the General Fund, the ending fund balance of (\$139,995) was reclassified as Unassigned for GASB 54 reporting requirements.

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-02 (Continued)**

**Material Weakness (Continued)**

- In the Help Me Grow Fund, \$135,545 of Contract Services Revenue that was recorded as Intergovernmental Revenue (\$122,044) and Other Fees (\$13,501) was reclassified. Additionally, \$155,081 of Project Fund Expenditures was reclassified into the expenditure categories of Salaries (\$104,957), Fringe Benefits (\$23,150), Supplies (\$4,030), Contracts-Services (\$5,947), Travel (\$4,598), and Other Expenditures (\$12,399).
- In the Public Health Emergency Preparedness Fund, \$90,047 of Project Fund Expenditures was reclassified into the expenditure categories of Salaries (\$42,437), Fringe Benefits (\$14,034), Supplies (\$800), Equipment (\$12,639), Contracts-Services (\$17,474), Travel (\$754), and Other Expenditures (\$1,909).
- In the Solid Waste Fund, \$25,000 of Contract Services Revenue that was recorded as Miscellaneous Revenue was reclassified.
- In the Construction/Demolition Fund, \$19,016 of Contract-Services expenditure that was recorded as Transfers-Out was reclassified.
- In the Food Service Fund, \$59,609 of License Revenue that was recorded as Other Fees Revenue was reclassified.
- For Special Revenue Funds, the ending fund balance of \$83,432 was reclassified as \$84,652 in Restricted fund balance and (\$1,220) as Unassigned for GASB 54 reporting requirements.

2012:

- In the General Fund, \$39,403 of Intergovernmental Revenue and \$8,327 of Contract Services Revenue that was recorded as Miscellaneous Revenue (\$47,730) was reclassified.
- Also in the General Fund, the ending fund balance of (\$81,386) was reclassified as Unassigned for GASB 54 reporting requirements.
- In the Public Health Emergency Preparedness Fund 877, \$64,524 of Project Fund Expenditures was reclassified into the expenditure categories of Salaries (\$35,544), Fringe Benefits (\$16,095), Supplies (\$1,268), Equipment (\$796), Contracts-Services (\$6,772), Travel (\$129), and Other Expenditures (\$3,920).
- In the Public Health Emergency Preparedness Fund 878, \$18,853 of Project Fund Expenditures was reclassified into the expenditure categories of Salaries (\$11,257), Fringe Benefits (\$6,876), and Other Expenditures (\$720).

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-02 (Continued)**

**Material Weakness (Continued)**

- In the Immunization Action Fund, \$76,281 of Project Fund Expenditures was reclassified into the expenditure categories of Salaries (\$11,357), Fringe Benefits (\$2,490), Supplies (\$103), Contracts-Services (\$62,160), Travel (\$111), and Other Expenditures (\$60).
- In the Help Me Grow Fund, \$149,359 of Contract Services Revenue that was recorded as Intergovernmental Revenue (\$135,109) and Miscellaneous Revenue (\$14,250) was reclassified. Additionally, \$139,874 of Project Fund Expenditures was reclassified into the expenditure categories of Salaries (\$77,043), Fringe Benefits (\$30,378), Supplies (\$3,733), Equipment (\$727), Contracts-Services (\$15,239), Travel (\$2,566), and Other Expenditures (\$10,188).
- In the PH Nursing Fund, \$54,822 of Contract Services Revenue that was recorded as Intergovernmental Revenue was reclassified. Additionally, \$14,065 of Other Fees Revenue that was recorded as Contract Services Revenue was reclassified.
- In the Solid Waste Fund, \$25,000 of Contract Services Revenue that was recorded as Miscellaneous Revenue was reclassified.
- For Special Revenue Funds, the ending fund balance of \$57,421 was reclassified as \$89,279 in Restricted fund balance and (\$31,858) as Unassigned for GASB 54 reporting requirements.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the District's management and Board Members, to identify and correct errors or omissions.

**Officials' Response:**

To assist in the elimination of expenditures being charged to an incorrect line item or to the wrong fund, the Health Commissioner and Fiscal Officer will carefully review all vouchers prior to them being submitted to the County Auditor to be disbursed. This review will ensure that vouchers are being properly charged to the correct fund in line with the budgets submitted. The Health Commissioner and the Fiscal Officer will review the Health District's financial statements monthly together to refine our budgeting process to reduce the frequency of subsequent appropriation modifications.

**COMBINED GENERAL HEALTH DISTRICT  
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

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>
2010-001	Noncompliance Citation Ohio Rev. Code Section 5705.41(D) certification of availability of funds	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2012-01
2010-002	Material Weakness regarding sound financial reporting	No	Not Corrected - Reissued in the accompanying Schedule of Findings as Finding Number 2012-02

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# Dave Yost • Auditor of State

**JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT**

**JACKSON 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 5, 2013**