



Mary Taylor, CPA  
Auditor of State



**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Notes to the Financial Statements .....	7
Schedule of Federal Awards Expenditures.....	13
Notes to the Schedule Federal Awards Expenditures .....	14
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings.....	21

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

General Health District  
Allen County  
Post Office Box 1503  
219 East Market Street  
Lima, Ohio 45802

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

March 10, 2010

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

General Health District  
Allen County  
Post Office Box 1503  
219 East Market Street  
Lima, Ohio 45802

To the Members of the Board:

We have audited the accompanying financial statements of the General Health District, Allen County, (the District), as of and for the year ended December 31, 2009. 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 requires 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, 2009 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, or its changes in financial position or cash flows, where applicable, 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 the General Health District, Allen County, as of December 31, 2009, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 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.

We conducted our audit to opine on the financial statements that collectively comprise the District's financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a schedule of federal awards expenditures. The schedule is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

March 10, 2010



GENERAL HEALTH DISTRICT  
ALLEN 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 Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Awards	\$5,000	\$1,279,957	\$1,284,957
State Grants and Subsidies	99,936	300,526	400,462
Subdivision Revenue	776,730		776,730
Permits		18,366	18,366
Fees	688,945	179,437	868,382
Licenses	12,785	316,480	329,265
Contractual Services	168,053	173,548	341,601
Miscellaneous	31,393	350	31,743
Total Cash Receipts	<u>1,782,842</u>	<u>2,268,664</u>	<u>4,051,506</u>
<b>Cash Disbursements:</b>			
<b>Current Disbursements:</b>			
<b>Health:</b>			
Salaries	836,631	1,399,870	2,236,501
Retirement	114,556	196,004	310,560
Medicare Tax	8,500	19,609	28,109
Health and Life Insurance	145,057	248,390	393,447
Workers' Compensation	6,766	11,391	18,157
Unemployment Compensation	3,239		3,239
Supplies	87,739	119,552	207,291
Remittances to State	141,778	75,950	217,728
Equipment	25,604	27,552	53,156
Contracts - Services	57,555	60,057	117,612
Travel	9,641	22,171	31,812
Utilities and Rentals	117,386	68,961	186,347
Other	100,982	55,029	156,011
Total Disbursements	<u>1,655,434</u>	<u>2,304,536</u>	<u>3,959,970</u>
Total Receipts Over/(Under) Disbursements	<u>127,408</u>	<u>(35,872)</u>	<u>91,536</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		17,600	17,600
Transfers-Out	(17,600)		(17,600)
Total Other Financing Receipts/(Disbursements)	<u>(17,600)</u>	<u>17,600</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	109,808	(18,272)	91,536
Fund Cash Balances, January 1	<u>164,369</u>	<u>117,947</u>	<u>282,316</u>
Fund Cash Balances, December 31	<u>\$274,177</u>	<u>\$99,675</u>	<u>\$373,852</u>

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

**This page intentionally left blank.**

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**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, Allen 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 Allen 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 that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

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

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 2009 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.

**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 follows:

<b>2009 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,754,031	\$1,782,842	\$ 28,811
Special Revenue	2,241,222	2,286,264	45,042
Total	<u>\$3,995,253</u>	<u>\$4,069,106</u>	<u>\$ 73,853</u>

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

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

**2. BUDGETARY ACTIVITY (Continued)**

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$3,412,211	\$1,673,034	\$1,739,177
Special Revenue	782,042	2,304,536	( 1,522,494)
Total	\$4,194,253	\$3,977,570	\$ 216,683

**3. INTERGOVERNMENTAL FUNDING**

The County apportions the excess of the District's appropriations over 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 subdivision revenue.

**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 2009, OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. For the year ended December 31, 2009, 100 percent of the amount due has been contributed.

**5. CONTRACTUAL OBLIGATIONS**

The District is a party to a twenty year lease for rental of office space. This lease was effective November 1, 1991 and terminates October 31, 2011. The lease requires the District to remit monthly payments on the first day of each month. The lease payments were fixed for the first five years at \$78,500 per year. At the end of the first five years, the lease rental payments increased by five percent to \$82,425 per year and will remain fixed through the tenth year. At the end of the tenth year, the lease rental payment increased by five percent to \$86,546 and will remain fixed through the fifteenth year. At the end of the fifteenth year, the lease rental payments increased by five percent to \$90,874 per year and will remain fixed through the conclusion of the original lease. Total payments required to fulfill this lease as of December 31, 2009 are \$166,602

During 1993, an amendment was attached to the above lease agreement. Construction was performed on the building to provide additional office space for the WIC division. The additional lease was effective July 21, 1993 and terminates October 31, 2011. The lease requires the District to remit monthly payments of \$325. At the end of the first five years, the lease rental payments increased by five percent to \$341.25 and will remain fixed through the tenth year. At the end of the tenth year, the lease rental payments increased by five percent to \$358.32 and will remain fixed through the fifteenth year. At the end of the fifteenth year, the lease rental payments increased by five percent to \$376.24 and will remain fixed through the conclusion of the lease. Total payments required to fulfill this lease as of December 31, 2009 are \$8,277.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

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

**5. CONTRACTUAL OBLIGATIONS (Continued)**

During 2009, the District entered into an agreement for the rental of space for the WIC Division. The lease was effective October 1, 2009 and terminates September 30, 2010. The lease amount is \$2,200 per month. Total payments required to fulfill this lease as of December 31, 2009 are \$19,800.

During 2009, the District entered into an agreement for the rental of space for the Family Planning Division. The lease was effective June 1, 2008 and was terminated August 31, 2009. The lease will not be renewed.

**6. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the audit period, the District contracted with several companies for various types of insurance as follows.

<u>Company</u>	<u>Type of Coverage</u>	<u>Maximum</u>	<u>Deductible</u>
Indiana Insurance	Business Personal Property (90% co-insurance)	\$353,371	\$ 250
	Extra Expense	50,000	250
	Commercial Crime	20,000	250
	Electronic Data Processing	116,000	250
	Auto Liability/Uninsured Motorists	1,000,000	250
CNA Insurance	Dishonesty/Forgery/Alteration	10,000 per occurrence	1,000

**Risk Pool Membership**

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.

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

**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 (latest information available).

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

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 District's share of these unpaid claims collectible in future years is approximately \$8,850.

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>Contributions to PEP</b>	
2007	\$9,583
2008	9,057
2009	9,120

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 budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.

**7. CONTINGENT LIABILITIES**

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

**This page intentionally left blank.**



**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S Department of Agriculture</b>			
Passed Through Ohio Department of Health			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	WA-02-09 WA-03-10	10.557	\$434,204 <u>132,703</u>
Total U.S. Department of Agriculture			566,907
<b>U.S. Department of Health and Human Services</b>			
Passed Through Ohio Department of Health			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	BC-02-09 BC-01-10	93.283	60,707 35,261
Centers for Disease Control and Prevention - Investigations and Technical Assistance Public Health Infrastructure Grant	PI-02-09	93.283	<u>83,629</u>
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance			179,597
Public Health Emergency Preparedness Public Health Emergency Preparedness - H1N1	PI-01-10 PI-01-10	93.069	41,947 <u>166,613</u>
Total Public Health Emergency Preparedness			208,560
Preventive Health and Health Services Block Grant Cardiovascular Disease Grant	CH-01-09	93.991	68,589
Maternal and Child Health Services Block Grant to the States	MC-02-09 MC-03-10	93.994	33,877 <u>95,142</u>
Total Maternal and Child Health Services			129,019
Family Planning Services	FP-01-08 FP-02-09	93.217	29,257 <u>104,820</u>
Total Family Planning Services			134,077
Immunization Grant	IM-02-09	93.268	55,910
Medical Reserve Corps Small Grant Program	1MRCSG061001-03	93.008	<u>5,000</u>
Total U.S. Department of Health and Human Services			<u>780,752</u>
Total Federal Financial Assistance			<u><u>\$1,347,659</u></u>

*See accompanying notes to the Schedule of Federal Awards Expenditures.*

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – COMMINGLING**

Some Federal funds were commingled with state subsidy and local revenues. It was assumed that federal dollars were expended first.



# 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  
Allen County  
Post Office Box 1503  
219 East Market Street  
Lima, Ohio 45802

To the Members of the Board:

We have audited the financial statements of the General Health District, Allen County, (the District), as of and for the year ended December 31, 2009, and have issued our report thereon dated March 10, 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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.

We also noted a certain internal control matter that we reported to the District's management in a separate letter dated March 10, 2010.

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 10, 2010.

We intend this report solely for the information and use of the management, Members of the Board, federal awarding 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 10, 2010



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

General Health District  
Allen County  
P.O. Box 1503  
219 East Market Street  
Lima, Ohio 45802

To the Members of the Board:

### Compliance

We have audited the compliance of the General Health District, Allen 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 apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the General Health District, Allen County, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2009-001.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on 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.

**Internal Control Over Compliance  
(Continued)**

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 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 deficiency in internal control over compliance described in the accompanying schedule of findings as item 2009-012 to be material a weakness.

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



**Mary Taylor, CPA**  
Auditor of State

March 10, 2010

**GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2009**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	GAAP: Adverse Regulatory Basis: 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 other 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)?	No
<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 other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #93.069 Public Health Emergency Preparedness  CFDA #10.557 Special Supplemental Nutrition 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**

See (federal) finding 2009-001 below; that finding is also required to be reported under GAGAS.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>Finding Number</b>	<b>2009-001</b>
CFDA Title and Number	CFDA #93.069 Public Health Emergency Preparedness  CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Federal Award Number/Year	PI-01-10, WA-02-09, & WA-03-10
Federal Agency	U.S. Department of Health and Human Services; U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Health

**Noncompliance - Material Weakness - Proper Accounting for Grant Funds**

**28 CFR Subpart C, Section 70.21(a)(2)** states that recipients must relate financial data to performance data and development unit cost information whenever practical. The recipient's financial management systems must provide records that identify adequately the source and application of funds for Federally-sponsored activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

Separate funds were not maintained for each federal grant nor were the expenditure transactions related to each grant reported within the related fund in the accounting system. Transfers were made from all grant funds and various other funds to the General Fund to pay the payroll and payroll related costs which were paid entirely from the General Fund. Separate excel spreadsheets were then maintained to show the appropriate expenditures from each fund.

Difficulties were encountered when agreeing grant expenditures to the underlying accounting records and report presentation. The lack of separate accountability for each fund (cash expenditures being charged directly to the appropriate fund) resulted in difficulty determining which expenditure related to which fund or grant, and if the expenditures were in accordance with program requirements.

The County's accounting software system allows an expenditure to be charged to more than one fund with only one check issued. Since the District has the means to charge and report expenditures in the appropriate fund, separate funds should be established for each federal grant and all transactions relating to that grant should be charged to and reported in the established fund. Transfers for payroll purposes should be eliminated. The District would not only see a savings in work time but also a reduction in audit costs.

**Officials Response:**

The officials' chose not to respond to this comment.



GENERAL HEALTH DISTRICT  
ALLEN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2009

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>
2008-001	28 CFR Subpart C, Section 70.21(a)(2); Proper Accounting for Grant Funds	No	Repeated as Finding 2009-001





**Mary Taylor, CPA**  
Auditor of State

**ALLEN GENERAL HEALTH DISTRICT**

**ALLEN 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  
MAY 6, 2010**