



Dave Yost • Auditor of State



**CARROLL GENERAL HEALTH DISTRICT  
CARROLL 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 Fund Types - For the Year Ended December 31, 2010 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2009 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Dave Yost • Auditor of State

Carroll General Health District  
Carroll County  
PO Box 98  
Carrollton, Ohio 44615

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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

June 7, 2011

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Carroll General Health District  
Carroll County  
PO Box 98  
Carrollton, Ohio 44615

To the Board of Directors:

We have audited the accompanying financial statements of Carroll General Health District, Carroll County, (the District) as of and for the years ended December 31, 2010 and 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 require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Carroll General Health District, Carroll County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Dave Yost**  
Auditor of State

June 7, 2011



CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$4,662	\$488,856	\$493,518
Subdivisions	96,464	210,348	306,812
Fees	17,518	188,796	206,314
Other	4,360	98,016	102,376
<b>Total Cash Receipts</b>	<u>123,004</u>	<u>986,016</u>	<u>1,109,020</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Health:			
Salaries	37,209	471,959	509,168
Fringe Benefits	11,341	175,955	187,296
Supplies	2,891	42,978	45,869
Equipment		43,840	43,840
Contracts - Repair		2,001	2,001
Contracts - Services	9,747	93,241	102,988
Rentals	250	13,225	13,475
Travel/Dues	7,781	14,117	21,898
Advertising	604	7,292	7,896
Liability Insurance	1,000	6,139	7,139
Remittances to State	8,382	22,887	22,887
Other	17,112	129,798	146,910
<b>Total Disbursements</b>	<u>96,317</u>	<u>1,023,432</u>	<u>1,119,749</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>26,687</u>	<u>(37,416)</u>	<u>(10,729)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	4,922	3,556	8,478
Advances-In	18,404	4,786	23,190
Transfers-Out	(3,556)	(4,922)	(8,478)
Advances-Out	(4,786)	(18,404)	(23,190)
Other Financing Receipts		11,208	11,208
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>14,984</u>	<u>(3,776)</u>	<u>11,208</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>41,671</u>	<u>(41,192)</u>	<u>479</u>
<b>Fund Cash Balances, January 1</b>	<u>34,501</u>	<u>171,031</u>	<u>205,532</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$76,172</b></u>	<u><b>\$129,839</b></u>	<u><b>\$206,011</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$1,552</b></u>	<u><b>\$5,284</b></u>	<u><b>\$6,836</b></u>

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

**CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL 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>			
Intergovernmental Receipts	\$7,641	\$302,313	\$309,954
Subdivision Taxes	60,585	115,019	175,604
Licenses, Permits and Fees	15,681	271,299	286,980
Miscellaneous	32,849	139,407	172,256
<b>Total Cash Receipts</b>	<u>116,756</u>	<u>828,038</u>	<u>944,794</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Health:			
Salaries	33,428	476,586	510,014
Supplies	4,007	38,642	42,649
Equipment	511	6,896	7,407
Contracts - Repairs		661	661
Contracts - Services	4,037	86,509	90,546
Rentals	14,900	22,188	37,088
Travel/Dues	6,740	11,763	18,503
Advertising	1,392	2,988	4,380
Fringe Benefits	11,069	171,268	182,337
Other Expenses	14,892	38,611	53,503
Remittance to State	6,529	16,279	22,808
Liability Insurance	800	6,742	7,542
<b>Total Cash Disbursements</b>	<u>98,305</u>	<u>879,133</u>	<u>977,438</u>
<b>Total Receipts Over/(Under) Disbursements</b>	18,451	(51,095)	(32,644)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		5,886	5,886
Advances-In	1,387	18,404	19,791
Transfers-Out	(5,886)		(5,886)
Advances-Out	(18,404)	(1,387)	(19,791)
Reimbursements		120,267	120,267
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(22,903)</u>	<u>143,170</u>	<u>120,267</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,452)	92,075	87,623
Fund Cash Balances, January 1	<u>38,953</u>	<u>78,956</u>	<u>117,909</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$34,501</b></u>	<u><b>\$171,031</b></u>	<u><b>\$205,532</b></u>
Reserves for Encumbrances, December 31		<u><u>\$1,777</u></u>	<u><u>\$1,777</u></u>

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

**CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 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 Carroll General Health District, Carroll 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 individual water systems, food service operations, trailer parks and recreation areas for public use, public health nursing services and issues health-related licenses and permits.

The District participates in the Public Entity Risk Pool of Ohio (PEP). Note 6 to the financial statements provides additional information about this entity. The organization:

Public Entity Risk Pool of Ohio (PEP) is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

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 Carroll 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 Fund:

**CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

Nursing Fund - This fund receives intergovernmental revenue and fees to operate the nursing program within Carroll County.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2010 and 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.

**CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. RESTATEMENT OF BEGINNING FUND BALANCE**

For fiscal year 2009, the District has restated the beginning fund balances of the governmental funds to report two special revenue funds which were not included in the ending balances at December 31, 2008. The District has adjusted the funds previously not reported to special revenue funds. These fund adjustments were made to properly report the beginning fund balances. The fund adjustments had the following effect of fund balances as previously reported:

<b>Special Revenue Funds</b>	
January 1, 2009 Fund Balance	\$74,022
Fund Balance Adjustment	<u>\$ 4,933</u>
Restated, January 1, 2009 Fund Balance	\$78,955

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$146,329	\$127,926	(\$18,403)
Special Revenue	1,005,563	1,000,780	(4,783)
Total	<u>\$1,151,892</u>	<u>\$1,128,706</u>	<u>(\$23,186)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,335	\$101,425	\$12,910
Special Revenue	1,178,173	1,033,638	144,535
Total	<u>\$1,292,508</u>	<u>\$1,135,063</u>	<u>\$157,445</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$118,142	\$116,756	(\$1,386)
Special Revenue	972,112	954,191	(\$17,921)
Total	<u>\$1,090,254</u>	<u>\$1,070,947</u>	<u>(\$19,307)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,114	\$104,191	\$48,923
Special Revenue	965,584	880,910	84,674
Total	<u>\$1,118,698</u>	<u>\$985,101</u>	<u>\$133,597</u>

**CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. 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.

**5. 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 2010 and 2009, 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, 2010.

**6. RISK MANAGEMENT**

**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, 2009, PEP retained \$350,000 for casualty claims and \$150,000 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.

**CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the District's share of these unpaid claims collectible in future years is approximately \$7,332.

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.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$7,800	\$7,450

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**THIS PAGE INTENTIONALLY LEFT BLANK.**





# 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*

Carroll General Health District  
Carroll County  
PO Box 98  
Carrollton, Ohio 44615

To the Board of Directors:

We have audited the financial statements of the Carroll General Health District, Carroll County, (the District) as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated June 7, 2011 wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for 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.

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 combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider significant deficiency in internal control over financial reporting. We consider finding 2010-02 to be a significant deficiency. 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.

### **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 2010-01.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 7, 2011.

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

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



**Dave Yost**  
Auditor of State

June 7, 2011

**CARROLL GENERAL HEALTH DISTRICT  
CARROLL COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2010-01**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(D)** provides 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.

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 Board 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 District did not certify or record the amount against the applicable appropriation accounts for 53% and 40% of tested expenditures from 2009 and 2010, respectively. The District did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

**FINDING NUMBER 2010-01  
 (Continued)**

Failure to certify the availability of funds and encumber appropriations 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 purchases to which 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 authorizing disbursements. The Fiscal officer should sign the certification at the time the District incurs 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.

**Officials' Response**

The situation has been addressed and should not be a problem in subsequent years. The certification process has been more fully explained as well as the certification exceptions that are available in order to remain in compliance and to prevent overspending.

**FINDING NUMBER 2010-02**

**Significant Deficiency**

**Proper Receipts and Disbursements Posting**

The District did not correctly post some receipts and disbursements in 2009, resulting in adjustments and reclassifications to the financial statements. The District has agreed to the adjustments and reclassifications and the Fiscal Officer has agreed to post the adjustments to the District's ledgers. The corrected amounts are reflected in the accompanying financial statements.

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>2009 Reclassifications</b>			
Help Me Grow Grant – Part C	Intergovernmental revenue	\$39,761	Recorded as other receipts.
Help Me Grow Subsidy – GRF	Intergovernmental revenue	\$76,273	Recorded as other receipts.
<b>2009 Adjustments</b>			
Indoor Radon FY10	Salary disbursements	\$1,522	Misposted in the Indoor Radon Fund FY09
Indoor Radon FY10	Fringe benefit disbursements	\$235	Misposted in the Indoor Radon Fund FY09
Child Family Health Service (CFHS - FY10)	Intergovernmental receipts	\$5,994	Misposted in the CFHS Fund FY09.

Failure to consistently follow a uniform chart of accounts increases the possibility that the District will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Fiscal Officer should maintain the accounting system to enable the District to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the chart of accounts to help ensure that financial activity of the District is accurately recorded and reported.

**FINDING NUMBER 2010-02  
(Continued)**

**Officials' Response:**

The receipts are being matched to other reports in order to eliminate the issue of being posted in the wrong year. The items that were not included at all will be reviewed with the County Auditor's office to determine why specific transactions were omitted from the information provided.

**This Page is Intentionally Left Blank.**



# Dave Yost • Auditor of State

**CARROLL GENERAL HEALTH DISTRICT**

**CARROLL 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 13, 2011**