



**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2013-2012**



**Dave Yost • Auditor of State**



**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Pickaway County General Health District  
Pickaway County  
110 Island Road, 2<sup>nd</sup> Floor, Suite C  
Circleville, OH 43113

To the Board of Trustees:

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

We have audited the accompanying financial statements and related notes of the Pickaway County General Health District, Pickaway County, Ohio, (the District) as of and for the years ended December 31, 2013 and 2012.

### ***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these 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, 2013 and 2012, or changes in financial position thereof for the years 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 Pickaway County General Health District, Pickaway County, Ohio, as of December 31, 2013 and 2012, 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(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, the 2011 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2014, 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 6, 2014

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|   | General           | Special<br>Revenue | Totals<br>(Memorandum<br>Only) |
|---|-------------------|--------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                   |                    |                                |
| Intergovernmental                                     | \$ 424,910        | \$ 70,400          | \$ 495,310                     |
| Charges for Services                                  | 109,730           | 5,565              | 115,295                        |
| Fines, Licenses and Permits                           | 80,763            | 94,630             | 175,393                        |
| Miscellaneous   | 19,871            | 6,127              | 25,998                         |
| <i>Total Cash Receipts</i>                            | <u>635,274</u>    | <u>176,722</u>     | <u>811,996</u>                 |
| <b>Cash Disbursements</b>                             |                   |                    |                                |
| Current:  |                   |                    |                                |
| Health:   |                   |                    |                                |
| Salaries  | 395,744           | 116,212            | 511,956                        |
| Fringe Benefits                                       | 141,489           | 48,057             | 189,546                        |
| Supplies  | 15,087            | 2,543              | 17,630                         |
| Remittances to State                                  | 36,639            | 15,429             | 52,068                         |
| Contracts   | 6,160             | 2,258              | 8,418                          |
| Travel  | 7,246             | 3,720              | 10,966                         |
| Other   | 31,671            | 2,361              | 34,032                         |
| Capital Outlay  | 19,547            | 21,040             | 40,587                         |
| <i>Total Cash Disbursements</i>                       | <u>653,583</u>    | <u>211,620</u>     | <u>865,203</u>                 |
| <i>Deficiency of Receipts Under Disbursements</i>     | <u>(18,309)</u>   | <u>(34,898)</u>    | <u>(53,207)</u>                |
| <b>Other Financing Receipts (Disbursements)</b>       |                   |                    |                                |
| Transfers In  | 36                | -                  | 36                             |
| Transfers Out   | -                 | (36)               | (36)                           |
| Advances In   | 10,500            | 32,100             | 42,600                         |
| Advances Out  | (32,100)          | (10,500)           | (42,600)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(21,564)</u>   | <u>21,564</u>      | <u>-</u>                       |
| <i>Net Change in Fund Cash Balances</i>               | (39,873)          | (13,334)           | (53,207)                       |
| <i>Fund Cash Balances, January 1</i>                  | <u>275,254</u>    | <u>38,248</u>      | <u>313,502</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                   |                    |                                |
| Restricted  | -                 | 24,914             | 24,914                         |
| Unassigned  | 235,381           | -                  | 235,381                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$ 235,381</u> | <u>\$ 24,914</u>   | <u>\$ 260,295</u>              |

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

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY 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<br>Revenue | Totals<br>(Memorandum<br>Only) |
|---|-------------------|--------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                   |                    |                                |
| Intergovernmental                                     | \$ 382,240        | \$ 47,687          | \$ 429,927                     |
| Charges for Services                                  | 104,100           | 5,538              | 109,638                        |
| Fines, Licenses and Permits                           | 62,261            | 87,778             | 150,039                        |
| Miscellaneous   | 22,469            | 2,968              | 25,437                         |
| <i>Total Cash Receipts</i>                            | <u>571,070</u>    | <u>143,971</u>     | <u>715,041</u>                 |
| <b>Cash Disbursements</b>                             |                   |                    |                                |
| Current:  |                   |                    |                                |
| Health:   |                   |                    |                                |
| Salaries  | 338,952           | 71,325             | 410,277                        |
| Fringe Benefits                                       | 120,452           | 25,455             | 145,907                        |
| Supplies  | 13,732            | 1,379              | 15,111                         |
| Remittances to State                                  | 34,730            | 19,568             | 54,298                         |
| Contracts   | 13,320            | 350                | 13,670                         |
| Travel  | 5,686             | 2,194              | 7,880                          |
| Other   | 39,782            | 35,091             | 74,873                         |
| Capital Outlay  | 40,694            | -                  | 40,694                         |
| <i>Total Cash Disbursements</i>                       | <u>607,348</u>    | <u>155,362</u>     | <u>762,710</u>                 |
| <i>Deficiency of Receipts Under Disbursements</i>     | <u>(36,278)</u>   | <u>(11,391)</u>    | <u>(47,669)</u>                |
| <b>Other Financing Receipts (Disbursements)</b>       |                   |                    |                                |
| Transfers In  | 2,000             | 13                 | 2,013                          |
| Transfers Out   | (13)              | (2,000)            | (2,013)                        |
| Advances In   | 62,732            | -                  | 62,732                         |
| Advances Out  | -                 | (62,732)           | (62,732)                       |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>64,719</u>     | <u>(64,719)</u>    | <u>-</u>                       |
| <i>Net Change in Fund Cash Balances</i>               | 28,441            | (76,110)           | (47,669)                       |
| <i>Fund Cash Balances, January 1, as restated</i>     | <u>246,813</u>    | <u>114,358</u>     | <u>361,171</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                   |                    |                                |
| Restricted  | -                 | 38,248             | 38,248                         |
| Assigned  | 59,878            | -                  | 59,878                         |
| Unassigned  | 215,376           | -                  | 215,376                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$ 275,254</u> | <u>\$ 38,248</u>   | <u>\$ 313,502</u>              |

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

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 Pickaway County General Health District, Pickaway County, (the District) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund 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 to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

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

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Trailer Park Fund - This fund received license and permit fees for the operations of trailer parks within the county.

Food Services - This fund received license revenues and permit fees for the operations of food services operating within the 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 and object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**3. Encumbrances**

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

A summary of 2013 and 2012 budgetary activity appears in Note 2.

**F. Fund Balance**

Fund balance is divided into three 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:

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**F. Fund Balance (Continued)**

**1. 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.

**2. 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.

**3. 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 (assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, assigned amounts are reduced first, 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.

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

| 2013 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$634,881            | \$635,310          | \$429      |
| Special Revenue                   | 215,551              | 176,722            | (38,829)   |
| Total                             | \$850,432            | \$812,032          | (\$38,400) |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$717,648                  | \$653,583                 | \$64,065  |
| Special Revenue                                       | 308,252                    | 211,656                   | 96,596    |
| Total   | \$1,025,900                | \$865,239                 | \$160,661 |

| 2012 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$622,867            | \$573,070          | (\$49,797) |
| Special Revenue                   | 106,698              | 143,984            | 37,286     |
| Total                             | \$729,565            | \$717,054          | (\$12,511) |

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$693,722                  | \$607,361                 | \$86,361  |
| Special Revenue                                       | 271,034                    | 157,362                   | 113,672   |
| Total   | \$964,756                  | \$764,723                 | \$200,033 |

**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.

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. Retirement Systems**

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

**5. Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, 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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013:

|              | <u>2012</u>         | <u>2013</u>         |
|--------------|---------------------|---------------------|
| Assets       | \$34,389,569        | \$34,411,883        |
| Liabilities  | <u>(14,208,353)</u> | <u>(12,760,194)</u> |
| Net Position | <u>\$20,181,216</u> | <u>\$21,651,689</u> |

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Risk Management (Continued)**

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the District's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

| <b><u>Contributions to PEP</u></b> |                    |
|------------------------------------|--------------------|
| <b><u>2012</u></b>                 | <b><u>2013</u></b> |
| \$3,611                            | \$3,607            |

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.

**6. Contingent Liabilities**

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

**7. Related Party Transactions**

During fiscal years 2013 and 2012, the District paid a local pharmacy owned by a District Board Member \$830 and \$387, respectively, for health related supplies.

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. Restatement of Prior Year Fund Balances**

Fund balances have been restated to record grant expenditures in the Special Revenue Grant Funds and reduce expenditures in the General Fund that originally expended the grant monies.

The restatements had the following effect on the District's governmental fund balances as previously reported:

|  | General Fund     | Special Revenue Funds |
|--|------------------|-----------------------|
| Fund Balance, December 31, 2011          | \$116,410        | \$244,761             |
| Restatement of Grant Expenditures        | <u>\$130,403</u> | <u>(\$130,403)</u>    |
| Adjusted Fund Balance, December 31, 2011 | \$246,813        | \$114,358             |

The fund balance at beginning of year has been restated on the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis).

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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

Pickaway County General Health District  
Pickaway County  
110 Island Road, 2<sup>nd</sup> Floor, Suite C  
Circleville, OH 43113

To the Board of Trustees:

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 Pickaway County General Health District, Pickaway County, Ohio, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 6, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the 2011 financial statements have been restated to correct a misstatement.

### ***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 District'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 2013-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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.

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  
Columbus, Ohio

August 6, 2014

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

**FINDING NUMBER 2013-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the District's Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the financial statements and, where applicable, to the District's accounting records:

1. Removed overstatement of miscellaneous revenues and miscellaneous expenses in the amount of \$10,772 in the General Fund for 2012.
2. Reclassified unassigned fund balance to assigned fund balance in the amount of \$59,878 in the General Fund for 2012.
3. Restated beginning fund balance by \$130,403 and reduced miscellaneous revenue for \$58,671 for 2012 and reduced transfers-in for \$71,732 for 2013 in the General Fund.
4. Restated beginning fund balance for (\$130,403) and reduced other expenses for \$58,671 for 2012 and reduced transfers-out for \$71,732 in 2013 in the Special Revenue Fund.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the District develop policies and procedures to enhance its controls over the recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the District and thereby increasing the reliability of the financial data throughout the year. We also recommend the District implement additional procedures over the completeness and accuracy of financial information reported within the District's annual report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

We did not receive an Official's response for the finding reported above.

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT  
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

| 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> |
|----------------|-------------------------|------------------|--|
| 2011-001       | Board of Health Minutes | Yes              |  |



# Dave Yost • Auditor of State

**PICKAWAY COUNTY GENERAL HEALTH DISTRICT**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 02, 2014**