

**HURON COUNTY  
GENERAL HEALTH DISTRICT**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2005





**Auditor of State  
Betty Montgomery**

Board of Health  
Huron County General Health District  
180 Milan Avenue  
Norwalk, Ohio 44857

We have reviewed the *Independent Auditor's Report* of the Huron County General Health District, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Huron County General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

September 11, 2006

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**HURON COUNTY GENERAL HEALTH DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**INDEPENDENT AUDITOR'S REPORT**

Huron County General Health District  
Huron County Health District  
180 Milan Avenue  
Norwalk, Ohio 44857

We have audited the accompanying financial statements of the Huron County General Health District (the District), as of and for the year ended December 31, 2005. 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005. Instead of the combined funds the accompanying financial statements present for 2005, the revisions require presenting entity wide statements and also to present its larger (ie. major) funds separately for 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, 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, 2005 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, 2005, or its changes in financial position for the year ended.

## INDEPENDENT AUDITOR'S REPORT (continued)

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Huron County General Health District, Huron County, as of December 31, 2005, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2005. 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 August 25, 2006 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 basic 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 federal awards expenditure schedule. The schedule is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 25, 2006



**Huron County General Health District**  
**Huron County**  
**Combined Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Fund Cash Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2005**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Taxes	\$559,649	\$0	\$559,649
Charges for Services	297,831	114,160	411,991
Licenses and Permits	75,256	58,471	133,727
Intergovernmental Receipts	90,101	780,572	870,673
Other Receipts	50,161	17,339	67,500
	<u>1,072,998</u>	<u>970,542</u>	<u>2,043,540</u>
<b>Operating Cash Disbursements:</b>			
Salary, Wages and Benefits	533,977	577,790	1,111,767
Insurance Incentive Buy Back	6,848	10,613	17,461
Supplies	85,727	0	85,727
Equipment	640	0	640
Contract - Repairs	1,430	0	1,430
Travel Expenses	21,013	0	21,013
Contract Personnel	4,540	123,527	128,067
Advertising and Printing	4,275	0	4,275
Public Employee's Retirement	115,515	129,552	245,067
Workers Compensation	5,676	6,535	12,211
Medicare	6,598	7,714	14,312
Hospitalization	64,244	43,655	107,899
Program Expenses	6,670	126,598	133,268
Other Expenses	88,500	58,387	146,887
	<u>945,653</u>	<u>1,084,371</u>	<u>2,030,024</u>
<b>Excess of Receipts Over/(Under) Disbursements before Other Financing Sources and (Uses)</b>			
	<u>127,345</u>	<u>(113,829)</u>	<u>13,516</u>
<b>Other Financing Sources and (Uses)</b>			
Transfers - In	0	47,500	47,500
Transfers - Out	(47,500)	0	(47,500)
Advances - In	56,454	76,118	132,572
Advances - Out	(76,118)	(56,454)	(132,572)
	<u>(67,164)</u>	<u>67,164</u>	<u>0</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>			
	60,181	(46,665)	13,516
Fund Cash Balances, January 1, 2005	<u>454,866</u>	<u>128,153</u>	<u>583,019</u>
Fund Cash Balances, December 31, 2005	<u>\$515,047</u>	<u>\$81,488</u>	<u>\$596,535</u>

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

**Huron County General Health District  
 Combined Statement of Receipts - Budget and Actual  
 For the Year Ended December 31, 2005**

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Governmental Fund Types:			
General	\$1,074,010	\$1,129,452	\$55,442
Special Revenue	<u>1,171,774</u>	<u>1,094,160</u>	<u>(77,614)</u>
 Totals (Memorandum Only)	 <u>\$2,245,784</u>	 <u>\$2,223,612</u>	 <u>(\$22,172)</u>

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

**Huron County General Health District  
 Combined Statement of Disbursements and Encumbrances  
 Compared With Expenditure Authority  
 For the Year Ended December 31, 2005**

	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Expenditures	Encumbrances Outstanding at 12/31/2005	Total	Variance Favorable (Unfavorable)
Governmental Fund Types:							
General	\$18,405	\$1,074,010	\$1,092,415	\$1,069,271	\$18,020	\$1,087,291	\$5,124
Special Revenue	21,715	1,171,774	1,193,489	1,140,825	4,114	1,144,939	48,550
Totals (Memorandum Only)	<u>\$40,120</u>	<u>\$2,245,784</u>	<u>\$2,285,904</u>	<u>\$2,210,096</u>	<u>\$22,134</u>	<u>\$2,232,230</u>	<u>\$53,674</u>

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

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

(As required by Various Statutes)

A. DESCRIPTION OF THE ENTITY

The Huron County General Health District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed upon it by the Constitution and laws of the State of Ohio. The District is a union of the General Health District and the Board of Health of the Cities of Norwalk and Willard under the direction of a seven-member board with one member appointed by each of the cities and five members appointed by a district advisory council representing the county, townships, and villages. The County Auditor and County Treasurer are responsible for fiscal control of the resources of the District which are maintained in the funds described below. Services provided by the District include medical assistance and public health and safety.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. FUND ACCOUNTING

The District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of fund are as follows:

Governmental Funds Types

General Fund. This fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds. These funds are used to account for proceeds of specific sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes. The District had the following significant Special Revenue Funds:

Help Me Grow Fund – This Fund receives State and Federal grant money to provide parental education and developmental screenings for children under the age of three.

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION (continued)

(As required by Various Statutes)

Health Block Grant – This Fund receives State and Federal grant monies to provide abstinence education, cardiovascular health, immunizations, and child and family health services.

Public Health Infrastructure – This Fund receives Federal and Local grant monies to provide bioterrorism preparedness. A component of this fund is tracking reportable communicable diseases in the county and preventing the spread of these diseases.

D. BUDGETARY PROCESS

APPROPRIATIONS

An appropriation measure is adopted by the District on or before the first Monday of April in each year for the period January 1 to December 31 of the following year. The appropriation measure, together with an itemized estimate of sources of revenue available to the District for the next year, is submitted to the county auditor, who in turn submits it to the county budget commission.

The County Budget Commission reviews the appropriation measure and may reduce any item in the appropriation measure, but may not increase any item or the aggregate amount of all items in the appropriation measure.

The appropriation measure, as amended by the County Budget Commission, controls expenditures by the District for the period January 1 to December 31 of the following year. The District may, by resolution, transfer funds from one item to another in the appropriation measure, reduce or increase any item, create new items and make additional appropriations, subject to the availability of funds and the approval of the county budget commission.

ENCUMBRANCES

The District is required by Ohio Law to use the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded as the budgetary equivalent of expenditures to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without reappropriated.

ESTIMATED RESOURCES

The county auditor calculates the estimated tax revenue available to the District. A certificate of estimated resources is prepared based upon this calculation and upon other financial information supplied in the budget sent by the District.

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION (continued)  
(As required by Various Statutes)

E. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation is not recorded for these fixed assets.

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Amounts in the "Totals (Memorandum Only)" columns on the financial statements represent a summation of the financial statements line items of the fund types and account groups. These amounts are presented for analytical purposes only. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 2. DEPOSITS AND INVESTMENTS

The Huron County Auditor acts as fiscal officer and the Huron County Treasurer acts as custodian of the moneys of the District. Huron County maintains cash and investment pool used by all funds of the County and includes custodial funds for which the County Treasurer is custodian. It is impracticable at this time to differentiate District moneys from the County's cash and investment pool, and therefore disclosure of pooled cash and investments has only been made as part of the County's financial statements.

NOTE 3. INSURANCE

The Huron County Commissioners maintain comprehensive insurance coverage as a member of a pooled insurance agreement with the County Risk Sharing Authority. The pool purchases excess insurance to supplement pool funds. Coverage includes comprehensive insurance coverage for real property, building contents, and vehicles. The District also maintains liability insurance coverage as a member of a pooled insurance agreement with the Public Entities Pool.

NOTE 4 – PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Health. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31.

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 – PROPERTY TAXES (continued)

The second half payment is due the following June 20. Public utilities are also taxed on personal and real property located within the Health District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Health District.

NOTE 5 – RETIREMENT COMMITMENTS

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plans provides retirement benefits, including retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. As of December 31, 2005, the District picks up the employee contribution of 8.5 percent of the employees' gross wages. The District also contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

NOTE 6 - CONTINGENT LIABILITIES

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Health Commissioner believes such disallowances, if any, will be immaterial.

NOTE 7 – LEASE COMMITMENT

Rental expense for the operating lease for the year ended December 31, 2005 was \$12,141.

The total future minimum rental payments required for the operation lease are as follows:

December 31,

2006	\$12,141
2007	12,141
2008	<u>8,094</u>
Total	<u>\$32,376</u>

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8 – FEDERAL FUND SOURCE

Major funding source for Special Revenue consist of the following programs from the U.S. Department of Health & Human Services:

TANF – Help Me Grow	\$253,572
TANF – Teen Pregnancy Prevention	80,221
Family Planning Prevention	48,572
Abstinence Education Grant	114,563
Maternal and Child Health Services Block Grant	26,459
Public Health Infrastructure	131,364
Immunization Action Plan Grant	<u>24,000</u>
Total	<u>\$678,751</u>

NOTE 9 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.



**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board Members  
Huron County General Health District  
180 Milan Avenue  
Norwalk, Ohio 44857

We have audited the financial statements of the Huron County General Health District (the District), as of and for the year ended December 31, 2005, and have issued our report thereon dated August 25, 2006, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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 have a direct 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS** (continued)

This report is intended for the information and use of management, the Board Members and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 25, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Board Members  
Huron County General Health District  
180 Milan Avenue  
Norwalk, Ohio 44857

Compliance

We have audited the compliance of the Huron County General Health District (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 are applicable to each of its major federal program for the year ended December 31, 2005. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the District's management. 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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.

As described in items 2005-01, and 2005-02 in the accompanying schedule of findings, the District, did not comply with requirements regarding eligibility that are applicable to its TANF - Help Me Grow Program. Compliance with such requirements is necessary in our opinion, for the District, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Huron County General Health District, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133** (continued)

Internal Control Over Compliance

The management of the District 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings as items 2005-01 and 2005-02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management, the Board Members and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

August 25, 2006

**Huron County General Health District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

Federal Grantor Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Entity Number	Federal Expenditures
<b>United States Department of Health &amp; Human Services</b>			
Passed Through Ohio Department of Health			
TANF - Help Me Grow	93.558	39-5-001-1-1-EG 7/01/04-06/03/05	\$95,928
		7/01/05-06/03/06	89,314
<i>Total TANF - Help me Grow</i>			<b>185,242</b>
TANF - Teen Pregnancy Prevention	93.558	7/01/04-06/03/05	38,408
		7/01/05-06/03/06	41,813
<i>Total TANF - Teen Pregnancy Prevention</i>			<b>80,221</b>
Family Planning Services	93.217	39-1-001-1-XX 03/1/04-02/28/05	3,747
		03/1/05-02/28/06	44,825
<i>Total Family Planning Services</i>			<b>48,572</b>
Abstinence Education Grant	93.235	39-1-01-F-CS 10/01/04-09/30/05	92,598
		10/01/05-09/30/06	21,965
<i>Total Abstinence Education Grant</i>			<b>114,563</b>
Maternal and Child Health Services Block Grant to the State	93.994	39-1-001-1-A1 07/01/04-06/30/05	26,459
<i>Total Maternal and Child Health Services Block Grant to the State</i>			<b>26,459</b>
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	39-1-001-2-BI 08/30/04-08/30/05	103,235
		08/31/05-08/30/06	28,129
<i>Total Center for Disease Control and Prevention</i>			<b>131,364</b>
Immunization Grant	93.268	39-1-001-2-AZ 01/01/05-12/31/05	24,000
<i>Total Immunization Grant</i>			<b>24,000</b>
<b><i>Total United States Department of Health &amp; Human Services</i></b>			<b>610,421</b>
<b>United States Department of Education</b>			
Passed Through South Central Local School			
Part C Funds	84.181	39-5-001-1-EG 07/01/04-06/03/05	36,630
		07/01/05-06/03/06	31,700
<i>Total Part C Funds</i>			<b>68,330</b>
<b><i>Total United States Department of Education</i></b>			<b>68,330</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$678,751</b>

The notes to this Schedule are an integral part of this Schedule.

**HURON COUNTY GENERAL HEALTH DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Huron County General Health District's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §505**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

(d)(1)(i)	Type of auditor's report issued on the financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	Yes
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Qualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	Yes

**HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §505**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)**

(d)(1)(vii)	Major Program:	TANF – Help Me Grow and Teen Pregnancy Prevention CFDA #93.558, Part C Funds CFDA #84.181 and Abstinence Education Grant, CFDA #93.235
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

Federal Program: TANF - Help Me Grow  
CFDA Number: 93.558  
Federal Agency: Department of Health & Human Services  
Pass Through Entity: Ohio Department of Health

2005-01

Criteria:

The following documents should be either obtained or verified:

1. Proof of income
2. Document indicating date of birth
3. Social security card for each household member
4. Evidence supporting that four or more risk factors were present.
5. Prevention, Retention and Contingency application, signed by the applicant and case consultant.
6. Applicant/Recipient Authorization for Release of Information form.



**HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §505**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
(CONTINUED)**

Condition Found: The following results were found from the 30 client files selected for testing:

§ Two instances in which there was no proof of income.

Recommendation: The District needs to make sure the client file includes the six required elements.

Corrective Action: Beginning July 31, 2006 Huron County General Health District will no longer provide the services for the Help Me Grow program except for the GRF New Born Home Visits. The corrective action will therefore be out of our control to implement.

Federal Program: TANF - Help Me Grow  
CFDA Number: 93.558  
Federal Agency: Department of Health & Human Services  
Pass Through Entity: Ohio Department of Health

2005-02

Criteria: 3701-8-04 Ohio Administrative Code, states, an Individualized Family Service Plan needs to be developed with the family and implemented for each participant within 45 days of initial referral to Help Me Grow.

Condition Found: During our testing thirteen out of the thirty Individualized Family Service Plans tested were developed outside the 45 days required.

Recommendation: The District needs to make sure the Individualized Family Service Plans are completed in the required time.

Corrective Action: Beginning July 31, 2006 Huron County General Health District will no longer provide the services for the Help Me Grow program except for the GRF New Born Home Visits. The corrective action will therefore be out of our control to implement.

**HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-01	Client files were not always properly maintained.	No	Partially corrected: Reissued as finding Number 2005-01
2004-02	Client files were not always properly maintained.	Yes	
2004-03	Payroll allocation was not correct.	Yes	
2004-04	No documentation to verify matching funds.	Yes	



**Auditor of State  
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**GENERAL HEALTH DISTRICT  
HURON 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 21, 2006**