

Huron County General Health District

Financial Condition

As of

December 31, 2001

Together with Auditor's Report



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board Members
Huron County General Health District

We have reviewed the Independent Auditor's Report of the Huron County General Health District, Huron County, prepared by Kevin L. Penn, Inc. for the audit period January 1, 2001 through December 31, 2001. 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.

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, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 19, 2002

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HURON COUNTY GENERAL HEALTH DISTRICT

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Independent Auditor's Report

Board of Huron County General Health District
Huron County, Ohio

I have audited the accompanying financial statements of Huron County General Health District as of December 31, 2001 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about 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 presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.

As discussed Note 1, the District prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances, of Huron County General Health District as of December 31, 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued a report dated March 15, 2002 on my consideration of Huron County General Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements Huron County General Health District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, auditor of state and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

March 15, 2002

Huron County General Health District
Huron County
Combined Statement of Cash and
Fund Cash Balances - All Fund Types
December 31, 2001

POOLED CASH AND INVESTMENTS

Cash and Cash Equivalents	\$516,051

Total	\$516,051
	=====

CASH BALANCES BY FUND TYPE

Governmental Fund Type:

General Fund	\$354,484
Special Revenue Funds	161,567

Total	\$516,051
	=====

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

Huron County General Health District
Huron County
Combined Statement of Cash Receipts,
Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2001

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Operating Cash Receipts:			
Taxes	\$527,475	-	\$527,475
Charges for Services	359,681	\$103,564	463,245
Licenses and Permits	68,539	98,148	166,687
Intergovernmental Receipts	72,080	-	72,080
Other Receipts	51,222	777,272	828,494
Total Operating Cash Receipts	1,078,997	978,984	2,057,981
Operating Cash Disbursements:			
Salary, Wages and Benefits	546,797	378,371	925,168
Insurance Incentive Buy Back	9,289	7,271	16,560
Supplies	82,623	-	82,623
Equipment	4,767	-	4,767
Contract - Repairs	94	-	94
Contract Services	3,745	-	3,745
Rentals	2,095	-	2,095
Travel Expenses	24,747	-	24,747
Contract Personnel	4,219	212,980	217,199
Advertising and Printing	1,801	-	1,801
Public Employee's Retirement	123,824	79,564	203,388
Workers Compensation	3,010	2,007	5,017
Medicare	6,484	5,240	11,724
Hospitalization	30,349	20,572	50,921
Program Expenses	3,980	207,477	211,457
Other Expenses	36,023	98,143	134,166
Total Operating Cash Disbursements	883,848	1,011,624	1,895,472
Excess of Receipts Over(Under) Disbursements before Other Financing Sources and (Uses)	195,149	(32,640)	162,509
Other Financing Sources and (Uses)			
Advances-In	144,500	209,180	353,680
Advances-Out	(209,050)	(144,500)	(353,550)
Total Other Financing Sources and (Uses)	(64,550)	64,680	130
Excess of Receipts Over (Under) Disbursements	130,599	32,040	162,639
Fund Cash Balance - January 1, 2001	223,885	129,527	353,412
Fund Cash Balance - December 31, 2001	\$354,484	\$161,567	\$516,051

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

Huron County General Health District
 Combined Statement of Receipts - Budget versus
 Actual
 For the Year Ended December 31, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Governmental:			
General	\$1,176,700	\$1,223,497	\$46,797
Special Revenue	1,092,435	1,188,164	95,729
	-----	-----	-----
Total (memorandum only)	\$2,269,135	\$2,411,661	\$142,526
	=====	=====	=====

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, 2001

	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/2001	Total	Variance Favorable (Unfavorable)
	-----	-----	-----	-----	-----	-----	-----
Governmental Fund Type:							
General Fund	\$4,642	\$1,395,943	\$1,400,585	\$1,092,898	\$7,189	\$1,100,087	\$300,498
Special Revenue Funds	6,960	1,215,001	1,221,961	1,156,124	31,299	1,187,423	34,538
	-----	-----	-----	-----	-----	-----	-----
Total (Memorandum Only)	\$11,602	\$2,610,944	\$2,622,546	\$2,249,022	\$38,488	\$2,287,510	\$335,036
	=====	=====	=====	=====	=====	=====	=====

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
December 31, 2001

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 to 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 disclosures of material matters, as prescribed or permitted by the Auditor of State.

C. FUND ACCOUNTING

The District maintains the 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 transaction 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 class of funds are as follows:

Governmental Fund 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 the proceeds of specific sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

HURON COUNTY GENERAL HEALTH DISTRICT
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

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

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 the source of revenue available to the District for the next fiscal 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 or reduce total appropriations, subject to the availability of funds and to 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 being 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.

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.

HURON COUNTY GENERAL HEALTH DISTRICT
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

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

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 of 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 a 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
December 31, 2001

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 plan provides retirement benefits, including post 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, 2001, 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, 2001.

NOTE 7 - 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 believe such disallowances, if any, will be immaterial.

NOTE 8 - LEASE COMMITMENT

In April of the 2001 calendar year, the District entered into a lease agreements with Minolta Leasing Services for three (3) copy machines. Rental expense for the operating lease for the year ended December 31, 2001 was \$5,131.

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

<u>December 31,</u>	
2002	\$ 5,131
2003	5,131
2004	5,131
2005	1,710

HURON COUNTY GENERAL HEALTH DISTRICT
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2001

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 Government, and Non-Profit Organizations.

HURON COUNTY GENERAL HEALTH DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Pass-through Programs:			
U.S. Department of Education			
Pass-through Ohio Department of Health			
Early Intervention Programs	84.181	39-1-01-F-AN 10/1/99-9/30/00 10/1/00-9/30/01	\$63,280 17,290 -----
Total U.S. Department of Education			80,570
U.S. Department of Health & Human Services			
Pass-through Ohio Department of Health			
Family Planning Services	93.217	39-1-01-F-XX 3/1/99-2/29/00 3/1/00-2/28/01	3,455 33,592 -----
Total Family Planning Services			37,047
Abstinence Education Grant	93.235	39-1-01-F-CS 10/1/99-9/30/00 10/1/00-9/30/01	59,336 15,491 -----
Total Abstinence Education Grant			74,827
Preventative Health and Health Services Block Grant	93.991	39-1-01-P-BP 1/1/99-12/31/99 1/1/00-9/30/00 39-1-01-P-AH 1/1/99-12/31/99 1/1/00-9/30/00	289 8,969 44 22,500 -----
Total Preventative Health and Health Services Block Grant			31,802
Maternal and Child Health Services Block Grant	93.994	39-1-01-F-AI 10/1/99-9/30/00 10/1/00-9/30/01	69,507 22,565 -----
Total Maternal and Child Health Services Block Grant			92,072
Tobacco Prevention	93.283	39-1-01-P-CJ 12/1/99-5/31/00 6/1/00-5/31/01	37,496 28,613 -----
			66,109 -----
Total U.S. Department of Health & Human Services			301,857 -----
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$382,427 =====

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



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enn, Inc.

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Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Huron County General Health District
Huron County, Ohio

I have audited the financial statements of Huron County General Health District as of and for the year ended December 31, 2001, and have issued my report thereon dated March 15, 2002. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Huron County General Health District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance that I have reported to management of Huron County General Health District in a separate letter dated March 15, 2002.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Huron County General Health District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of Huron County General Health District, the Auditor of State of Ohio, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

March 15, 2002



Kevin L.
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Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Huron County General Health District
Huron, Ohio

Compliance

I have audited the compliance of Huron County General Health 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 programs for the year ended December 31, 2001. Huron County General Health District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Huron County General Health District's management. My responsibility is to express an opinion on Huron County General Health District's compliance based on my audit.

I conducted my 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 I 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 Huron County General Health District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Huron County General Health District's compliance with those requirements.

In my opinion, Huron County General Health District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of Huron County General Health District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Huron County General Health 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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 applicable requirements of laws, regulations, contracts and grants 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information of Huron County General Health District, the Auditor of State of Ohio, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

March 15, 2002

Huron County General Health District
Schedule of Findings and Questioned Costs
December 31, 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting: Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Identification of major programs:	
84.181	Early Intervention
93.994	Maternal and Child Health Services Block Grant
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000 (Type A)
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Huron County General Health District
Summary Schedule of Prior Findings
December 31, 2001

There were no audit findings in 2000.



Kevin L.
Penn, Inc.

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MANAGEMENT LETTER

Board of Directors
Huron County General Health District
Norwalk, Ohio

In accordance with Government Auditing Standards, I have audited the financial statements of the Huron County General Health District as of and for the year ended December 31, 2001, and have issued my report thereon dated March 15, 2002.

Government Auditing Standards also require that I describe the scope of my testing of compliance with laws and regulations and the internal control structure and report any irregularities, illegal acts, other material noncompliance and reportable conditions in the internal control structure. I have issued reports dated March 15, 2002 on the Agency's compliance and the internal control structure required by Government Auditing Standards as of and for the year ended December 31, 2001.

Office of Management and Budget Circular A-133 requires that I report all instances of noncompliance related to the federal financial assistance programs. I have issued reports dated March 15, 2002 on the Agency's compliance with requirements related to federal financial assistance programs, and have also issued my report on the internal control structure used in administering federal financial assistance programs.

In addition to the matters I communicated to you in the reports described above, I am submitting for your consideration the following comments on the Agency's compliance with applicable laws and regulations and on its internal control structure. These comments reflect matters that, in my opinion, do not represent material instances of noncompliance or reportable internal control structure conditions. I believe they are matters for which improvements in compliance or internal controls or operational efficiencies might be achieved.

Due to the limited nature of my audit, I have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect my continuing desire to assist Huron County General Health District. If you have any questions or concerns regarding these comments please do not hesitate to contact me.

Time Study Allocations (CFDA # 93.994; 84.181; 93.217; 93.235; 93.991; 93.283)

Condition:

The payroll expense relating to the various federal programs, based on the payroll allocation time study, does not properly reflect the payroll expense for each federal program.

Criteria:

The percentages applied to each federal program should be based on the payroll allocation time study.

Effect:

Resulted in the misstatement of payroll expense, in several federal program.

Cause:

Oversight by management.

Recommendation:

I recommend that payroll expense, be allocated for each federal program, based on the actual percentage determined by the time study. By performing this procedure, the risk of misstating payroll expense will be significantly reduced.

Budget Adoption

Condition:

The Official Certificate of Estimated Resources was not adopted until August 22, 2000.

Criteria:

The board of health of a general health district shall annually, on or before the first Monday of April, adopt an itemized appropriation.

Effect:

Did not comply with Section 3709.28 of the Ohio Revised Code.

Budget Adoption

Cause:

Oversight by management.

Recommendation:

I recommend that the board of health of a general health district annually, on or before the first Monday of April, adopt an itemized appropriation. By performing this procedure, the risk of not being in compliance with the Ohio Revised Code, will be significantly reduced.

Drug-Free Workplace Act (CFDA # 93.994; 84.181; 93.217; 93.235; 93.991; 93.283)

Condition:

During the review of personnel files, it was noted that federal employees were not provided with a drug-free policy form.

Criteria:

A drug-free policy statement should be provided to each federal award employee.

Effect:

Several federal award employees were not properly informed of the drug-free policy statement.

Cause:

Oversight by management.

Recommendation:

I recommend, that the agency provide the drug-free workplace policy to each federal award employee and obtain a signed statement from each federal award employee, acknowledging an understanding of the Policy. In this way, the Grantee will reduce the risk of operating in a nondrug-free environment, in addition to jeopardizing future funding.

The comments are intended solely for the use of Huron County General Health District.'s management, the oversight audit agency and other Federal audit agencies, and should not be used for any other purpose.

Kevin L. Penn, Inc.

March 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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HURON COUNTY 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
JULY 11, 2002**