

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**Single Audit
December 31, 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Health
Holmes County General Health District
931 Wooster Road
Millersburg, Ohio 44654

We have reviewed the *Independent Accountants' Report* of the Holmes County General Health District, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2008. 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 Accountants' 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 Accountants' 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 Holmes County General Health District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 28, 2010

This Page is Intentionally Left Blank.

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008	3
Notes to the Financial Statements	4
Schedule of Expenditures of Federal Awards	10
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	13
Schedule of Findings	15
Schedule of Prior Audit Findings	17

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

May 15, 2010

Holmes County General Health District
Holmes County
931 Wooster Road
Millersburg, OH 44654

To the Members of the Board:

We have audited the accompanying financial statements of **Holmes County General Health District, Holmes County, Ohio**, (the District) as of and for the year ended December 31, 2008. 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 1B, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2008 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, 2008 or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Holmes County General Health District, Holmes County, as of December 31, 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1B describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Subsidies	\$ 196,038	\$ 37,700	\$ 233,738
Contracts	30,000	65,496	95,496
Grants	12,852	774,937	787,789
Fees, Licenses and Permits	56,905	1,277,704	1,334,609
Interest	-	23,473	23,473
Reimbursed Costs	10,271	1,989	12,260
Donations	8,000	107,822	115,822
Other	65,601	3,654	69,255
	<u>379,667</u>	<u>2,292,775</u>	<u>2,672,442</u>
Total Cash Receipts			
	<u>379,667</u>	<u>2,292,775</u>	<u>2,672,442</u>
Cash Disbursements:			
Personnel	261,275	1,806,264	2,067,539
Travel/Conference	9,439	57,296	66,735
Supplies	18,989	110,786	129,775
Hospice	-	383,182	383,182
Other Expenses	47,515	105,243	152,758
Equipment	4,028	5,201	9,229
Office Space Costs	46,985	2,834	49,819
	<u>388,231</u>	<u>2,470,806</u>	<u>2,859,037</u>
Total Cash Disbursements			
	<u>388,231</u>	<u>2,470,806</u>	<u>2,859,037</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(8,564)</u>	<u>(178,031)</u>	<u>(186,595)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In	-	5,983	5,983
Advances-In	130	35,780	35,910
Transfers-Out	(5,983)	-	(5,983)
Advances-Out	(5,780)	(30,130)	(35,910)
	<u>(11,633)</u>	<u>11,633</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(11,633)</u>	<u>11,633</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(20,197)</u>	<u>(166,398)</u>	<u>(186,595)</u>
Fund Cash Balances, January 1	<u>21,616</u>	<u>1,190,771</u>	<u>1,212,387</u>
Fund Cash Balances, December 31	<u>\$ 1,419</u>	<u>\$ 1,024,373</u>	<u>\$ 1,025,792</u>

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

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Holmes County General Health District, Holmes County, Ohio, (the District) is a body corporate and politic established under Ohio Revised Code § 3709.01, for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under the direction of a five-member appointed board and appointed health commissioner. Services provided by the District include referrals to Bureau of Crippled Children Services Program, communicable disease investigations, immunization clinics, tuberculosis screening, home visits, hospice care, various licenses and permits, including inspections, birth certificates and related services.

As health districts are structured in Ohio, the County Auditor and County Treasurer serve, respectively, as fiscal officer and custodian of funds for the District. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments. As the custodian of public funds, the County Treasurer invests District monies held on deposit in the County Treasury.

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

B. Basis of Accounting

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 Ohio Revised Code, the Holmes County Treasurer is custodian for the District's deposits. The District's assets are held in the County's deposits and investment pool, and are valued at the County 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:

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District has the following significant Special Revenue Funds:

Hospice Fund - This fund receives charges for services money for providing hospice care to county residents.

Hospice Endowment Fund - This fund receives excess money from hospice operating fund (if any), estate taxes and donations for investing to ensure the continuation of the hospice program.

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

Help Me Grow (HMG) Fund - This fund receives grants and fees for providing services to young children.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

2. Estimated Resources

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

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of budgetary activity appears in Note 3.

F. 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.

G. Accumulated Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Accumulated unpaid vacation and sick leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees.

2. EQUITY IN POOLED DEPOSITS

The Holmes County Auditor serves as fiscal agent for the District and the investments of County funds, including District funds, is determined by the Holmes County Treasurer. By law, investment control over investments is handled by the County Treasurer.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2008 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 689,740	\$ 379,797	\$ (309,943)
Special Revenue	2,852,752	2,334,538	(518,214)
Total	<u>\$ 3,542,492</u>	<u>\$ 2,714,335</u>	<u>\$ (828,157)</u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 695,473	\$ 399,994	\$ 295,479
Special Revenue	3,043,583	2,500,936	542,647
Total	<u>\$ 3,739,056</u>	<u>\$ 2,900,930</u>	<u>\$ 838,126</u>

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

4. SUBSIDIES

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 include these amounts as subsidies.

5. RETIREMENT SYSTEMS

The District's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-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. For 2008, members of OPERS contributed 10% of their gross salaries. The District contributed an amount equal to 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

6. RISK MANAGEMENT (continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007.

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

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$8,000.

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.

<u>Contributions to PEP</u>	
2007	\$10,534
2008	\$ 9,677

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

The District also provides health and life insurance to its employees through a private carrier.

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

(Continued)

7. CONTINGENT LIABILITIES

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

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
US DEPARTMENT OF TRANSPORTATION			
<i>Passed through the Ohio Department of Public Safety</i>			
State and Community Highway Safety	20.600	SC-2008-38-00-00-00274-00 SC-2009-38-00-00-00449-00	\$ 19,441 <u>5,352</u> 24,793
<i>Passed through the Mental Health & Recovery Board of Wayne-Holmes Cos.</i>			
State and Community Highway Safety	20.600	SC-2008-85-00-00-00280-00 SC-2009-85-00-00-00386-00	21,541 <u>5,805</u> 27,346
Total State and Community Highway Safety			<u>52,139</u>
Total US Department of Transportation			52,139
US DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	03810012PI0108 03810012PI0209	68,441 <u>31,213</u> 99,654
Total Public Health Emergency Preparedness			99,654
Family Planning Services	93.217	03810011FP0108	30,000
Immunization Grant	93.268	03810011IM0108	23,700
Maternal & Child Health Services Block Grant	93.994	03810011MC0108 03810011MC0209	18,726 <u>1,325</u> 20,051
Total Maternal & Child Health Services Block Grant			20,051
<i>Passed through the Ohio Department of Job and Family Services</i>			
Temporary Assistance to Needy Families	93.558	FY2008 FY2009	87,185 <u>104,888</u> 192,073
Total Temporary Assistance to Needy Families			<u>192,073</u>
Total US Department of Health and Human Services			365,478
US DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	03810011WA0108 03810011WA0209	105,986 <u>28,612</u> 134,598
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>134,598</u>
Total US Department of Agriculture			134,598
US DEPARTMENT OF EDUCATION			
<i>Passed through the Ohio Department of Job and Family Services</i>			
Special Education - Grants for Infants and Children	84.181	FY2008 FY2009	31,928 <u>10,804</u> 42,732
Total Special Education - Grants for Infants and Children			<u>42,732</u>
Total US Department of Education			<u>42,732</u>
Total Federal Financial Assistance			<u>\$ 594,947</u>

Note A: The Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

May 15, 2010

Holmes County General Health District
Holmes County
931 Wooster Road
Millersburg, OH 44654

To the Members of the Board:

We have audited the financial statements of **Holmes County General Health District, Holmes County**, (the District) as of and for the year ended December 31, 2008, and have issued our report thereon dated May 15, 2010, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Holmes County General Health District
Holmes County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 15, 2010.

We intend this report solely for the information and use of management, the Holmes County General Health District Board, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

May 15, 2010

Holmes County General Health District
Holmes County
931 Wooster Road
Millersburg, OH 44654

To the Members of the Board:

Compliance

We have audited the compliance of Holmes 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 apply to each of its major federal programs for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as items 2008-001.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The District's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated May 15, 2010.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Adverse under GAAP, unqualified under the regulatory basis
<i>(d)(I)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(I)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(I)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(I)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(I)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(I)(vii)</i>	Major Programs (list):	CFDA #10.557 - Special Supplemental Nutrition Program for Women, Infants and Children CFDA #93.558 – Temporary Assistance to Needy Families
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	No

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

None

**HOLMES COUNTY GENERAL HEALTH DISTRICT
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2008-001

Noncompliance

OMB Circular A-133 Subpart B §___.200 requires non-federal entities that expend \$500,000 or more in a year in Federal Awards to have a single or program specific audit conducted for that year. In addition **Subpart C §___.320** indicates the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The Health District did not have the required audit performed for calendar year 2008.

Failure to have the audit performed and to submit in a timely manner could lead to sanctions imposed by the federal awarding agency or the pass-through entity.

The Health District did not properly classify its relationship to the Help Me Grow program, i.e. it considered itself to be a vendor as opposed to a subrecipient. The agreement with the pass-through agency (the County Department of Job and Family Services) indicates the Health District is a subrecipient and is subject to audits as provided by OMB Circular A-133.

Due to the misclassification, the Health District did not include these funds as federal dollars for A-133 reporting purposes. When these funds are included as federal dollars the District actually had federal expenditures in excess of \$500,000 for the 2008 audit period but did not have the required audit completed and submitted in a timely manner.

We recommend the Health District carefully consider whether it is a subrecipient or vendor for all programs involving federal assistance. This can be achieved by review of the agreements for the program and/or through discussions with the contracting agency. All files should be clearly marked to indicate the status. A review of all federal expenditures should be done prior to year end in order to determine if a single audit is needed.

Management's Response: Due to changes in the Help Me Grow contract, the responsibility for the A-133 audit became the Health District's and this change was overlooked. We have corrected this with a new guideline that all new contracts be reviewed by legal counsel.

**HOLMES COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-01	Negative Fund Balances	No	No longer considered finding, moved to management letter.
2007-02	Appropriations Exceed Estimated Resources	No	No longer considered finding, moved to management letter.
2007-03	Fiscal Officer Certification Not Done Prior to Expenditure	No	No longer considered finding, moved to management letter.



Mary Taylor, CPA
Auditor of State

GENERAL HEALTH DISTRICT

HOLMES 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
JUNE 17, 2010**