

**HURON COUNTY  
GENERAL HEALTH DISTRICT**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2009

Varney, Fink & Associates, Inc.  
Certified Public Accountants





# Mary Taylor, CPA

Auditor of State

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, Huron County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 8, 2010

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**HURON COUNTY GENERAL HEALTH DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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**INDEPENDENT AUDITOR’S REPORT**

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

To the Members of the Board:

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, 2009. These financial statements are the responsibility of the District’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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, 2009. Instead of the combined funds the accompanying financial statements present for 2009, the revisions require presenting entity wide statements and also to present its larger (ie. major) funds separately for 2009. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require certain governments to reformat their statements. The District has elected not to reformat its statements. Since the 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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, 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009, 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 and reserve for encumbrances of the Huron County General Health District, as of December 31, 2009, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 2 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, 2009. 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 February 25, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 25, 2010

**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, 2009**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Taxes	\$431,135	\$0	\$431,135
Charges for Services	749,038	31,734	780,772
Licenses and Permits	155,370	0	155,370
Intergovernmental Receipts	234,067	414,034	648,101
Other Receipts	63,458	4,500	67,958
<b>Total Cash Receipts</b>	<b>1,633,068</b>	<b>450,268</b>	<b>2,083,336</b>
<b>Cash Disbursements:</b>			
Salary, Wages and Benefits	788,688	215,550	1,004,238
Clinic Supplies	82,559	0	82,559
Office Supplies	12,705	0	12,705
Equipment	3,980	0	3,980
Maintenance and Repairs	6,366	0	6,366
Contract Services	10,821	0	10,821
Travel Expenses	18,613	0	18,613
Contract Personnel	54,049	0	54,049
Advertising and Printing	522	0	522
Public Employee's Retirement	187,950	49,028	236,978
Workers Compensation	10,878	2,717	13,595
Medicare	10,273	2,962	13,235
Hospitalization	114,236	35,247	149,483
Program Expenses	0	128,024	128,024
Remittances to State	75,937	0	75,937
Other Expenses	55,442	0	55,442
<b>Total Cash Disbursements</b>	<b>1,433,019</b>	<b>433,528</b>	<b>1,866,547</b>
Excess of Cash Receipts Over Cash Disbursements Before Other Financing Sources/(Uses)	200,049	16,740	216,789
<b>Other Financing Sources/(Uses)</b>			
Transfers - In	55,152	0	55,152
Transfers - Out	0	(55,152)	(55,152)
Advances - In	38,123	235,000	273,123
Advances - Out	(235,000)	(38,123)	(273,123)
<b>Total Other Financing Sources/(Uses)</b>	<b>(141,725)</b>	<b>141,725</b>	<b>0</b>
Excess of Cash Receipts and other Financing Sources Over Cash Disbursements and Other Financing (Uses)	58,324	158,465	216,789
Fund Cash Balances, January 1, 2009	450,468	111,926	562,394
Fund Cash Balances, December 31, 2009	\$508,792	\$270,391	\$779,183
Reserve for Encumbrances, December 31, 2009	\$24,593	\$21,182	\$45,775

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



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HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – 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, one member appointed by the Licensing Committee and four 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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 to be restricted.

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

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Family Planning – This fund receives Federal grant monies and charges fees for clinical services related to family planning.

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.

Ohio Children’s Trust – This fund receives Federal grant monies to provide pregnancy prevention services.

C. 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 being reappropriated.

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

D. 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.

E. 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 basis of accounting used by the District.

F. TOTAL COLUMN ON FINANCIAL STATEMENTS

Amounts in the "Totals (Memorandum Only)" column on the financial statements represent a summation of the financial statements line items of the fund types. These amounts are presented for analytical purposes only. This data is not comparable to a consolidation.

NOTE 3 - 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 an 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.

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 – BUDGETARY

2009 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,524,450	\$1,726,343	\$201,893
Special Revenue	<u>737,520</u>	<u>685,268</u>	<u>(52,252)</u>
Total	<u><u>\$2,261,970</u></u>	<u><u>\$2,411,611</u></u>	<u><u>\$149,641</u></u>

2009 Budget vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,838,653	\$1,692,612	\$146,041
Special Revenue	<u>597,087</u>	<u>547,985</u>	<u>49,102</u>
Total	<u><u>\$2,435,740</u></u>	<u><u>\$2,240,597</u></u>	<u><u>\$195,143</u></u>

NOTE 5 - INSURANCE

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

NOTE 6 – INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District’s appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statement presents these amounts as Intergovernmental Receipts.

NOTE 7 – TAX RECEIPTS

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$431,135 in 2009. The financial statement presents these amounts as Taxes.

HURON COUNTY GENERAL HEALTH DISTRICT  
HURON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 8 – RETIREMENT COMMITMENTS

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan 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, 2009, the District picks up the employee contribution of 10.0 percent of the employees' gross wages. The District also contributed an amount equal to 14.0 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

NOTE 9 - 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.

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**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***

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

To the Members of the Board:

We have audited the financial statements of the Huron County General Health District (the District), as of and for the year ended December 31, 2009, and have issued our report thereon dated February 25, 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 *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 as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.



**Huron County General Health District  
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**  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board and is not intended to be and should not be used by anyone other than these specified parties.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 25, 2010





**Mary Taylor, CPA**  
Auditor of State

**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  
MAY 6, 2010**