

NORTH CENTRAL DISTRICT HEALTH DEPARTMENT

FINANCIAL STATEMENTS

June 30, 2012

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT

NORTH CENTRAL DISTRICT HEALTH DEPARTMENT

TABLE OF CONTENTS Page

Independent Auditors' Report

Basic Financial Statements

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities	2
Governmental Funds Balance Sheet/Statement of Net Assets	3
Statement of Assets, Liabilities, and Fund Balances--Fiduciary Funds	4
Notes to the Basic Financial Statements	5

Required Supplementary Information

Budgetary Comparison Schedule	12
Notes to the Required Supplementary Information	13

Other Supplementary Information

Schedule of Expenditures of Federal Awards	14
Notes to the Other Supplementary Information	15

Compliance Report

Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	18
Schedule of Findings and Questioned Costs	20
Summary Schedule of Prior Audit Findings	22

North Central District Health Department
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
and CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
For the year ended June 30, 2012

	General Fund	Adjustments (Note K)	Statement of Activities 2012	Statement of Activities 2011
Revenues:				
Operating grants	\$ 1,121,458	\$ -	\$ 1,121,458	\$ 1,023,236
Miscellaneous income	7,089	-	7,089	5,293
Interest income	853	-	853	539
Total revenues	1,129,400	-	1,129,400	1,029,068
Expenditures/expenses:				
General & administrative	316,828	-	316,828	346,507
Emergency preparedness	254,970	-	254,970	145,123
PHONE program	36,917	-	36,917	39,912
Environmental health	56,815	-	56,815	66,001
Abstinence education	213,459	-	213,459	167,292
Public health education	45,242	-	45,242	41,349
Miscellaneous	30,086	-	30,086	8,539
Santee intermediary	77,255	-	77,255	65,043
Depreciation	-	24,922	24,922	20,665
Capital outlay	73,948	(73,948)	-	-
Total expenditures/expenses	1,105,520	(49,026)	1,056,494	900,431
Excess (deficiency) of revenues over expenditures	23,880	49,026	72,906	128,637
Change in net assets	23,880	49,026	72,906	128,637
Fund balances/net assets:				
Beginning of the year	417,538	340,200	757,738	629,101
End of the year	\$ 441,418	\$ 389,226	\$ 830,644	\$ 757,738

See accompanying notes to the financial statements.

**North Central District Health Department
GOVERNMENTAL FUNDS BALANCE SHEET/
STATEMENT OF NET ASSETS
June 30, 2012**

	<u>General Fund</u>	<u>Adjustments (Note J)</u>	<u>Statement of Net Assets 2012</u>	<u>Statement of Net Assets 2011</u>
ASSETS				
Cash	\$ 514,278	\$ -	\$ 514,278	\$ 487,311
Certificates of deposit	29,471	-	29,471	29,079
Grant receivables	51,197	-	51,197	57,351
Capital assets net of accumulated depreciation	-	389,225	389,225	340,200
Total assets	<u>\$ 594,946</u>	<u>389,225</u>	<u>984,171</u>	<u>913,941</u>
LIABILITIES				
Accounts payable	\$ 116,651	-	116,651	122,875
Payroll liabilities	4,615	-	4,615	2,665
Accrued payroll	11,749	-	11,749	8,666
Accrued PTO	20,513	-	20,513	21,995
Total liabilities	<u>153,528</u>	<u>-</u>	<u>153,528</u>	<u>156,201</u>
FUND BALANCE/NET ASSETS				
Fund Balances:				
Restricted	95,194	(95,194)	-	-
Assigned	47,412	(47,412)	-	-
Unassigned	298,812	(298,812)	-	-
Total fund balances	<u>441,418</u>	<u>(441,418)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 594,946</u>			
Net assets:				
Invested in capital assets, net of related debt		389,225	389,225	340,200
Restricted		95,194	95,194	125,945
Unrestricted		<u>346,224</u>	<u>346,224</u>	<u>291,593</u>
Total net assets		<u>\$ 830,643</u>	<u>830,643</u>	<u>757,738</u>
Total liabilities and net assets			<u>\$ 984,171</u>	<u>\$ 913,939</u>

See accompanying notes to the financial statements.

North Central District Health Department
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES--
FIDUCIARY FUNDS
June 30, 2012

	<u>Santee Sioux Nation</u>	<u>Total Fiduciary Funds 2012</u>	<u>Total Fiduciary Funds 2011</u>
ASSETS			
Grants receivable	\$ 68,374	\$ 68,374	\$ 160,717
Total Assets	<u>\$ 68,374</u>	<u>\$ 68,374</u>	<u>\$ 160,717</u>
LIABILITIES			
Due to organizations	\$ 68,374	\$ 68,374	\$ 160,717
Total Liabilities	<u>68,374</u>	<u>68,374</u>	<u>160,717</u>
NET ASSETS			
Unreserved			
Designated	-	-	-
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 68,374</u>	<u>\$ 68,374</u>	<u>\$ 160,717</u>

See accompanying notes to the financial statements.

North Central District Health Department
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE A – REPORTING ENTITY

North Central District Health Department, O'Neill, Nebraska is a governmental entity that was created by the Legislature. The Department's main source of income is from Nebraska Health Care Cash Fund as provided by legislative bill 692. The Department files an annual budget to the public and the Department's board members approve this budget. The Department serves Holt, Knox, Brown, Rock, Pierce, Boyd, Keya Paha, Cherry, and Antelope Counties of Nebraska. The Department is controlled and managed by board members who are elected by vote of the Department Board of Directors.

U.S. generally accepted accounting principles require basic financial statements to present the Department (the primary government) and its component units included in their reporting entity because of the significance of their operation or financial relationships with the Department. These basic financial statements present only the Department (the primary government). The Department has no component units, as defined in GASB 14 and amended by GASB 39.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Department's accounting policies are described below.

Basis of Presentation

Government-wide financial statements report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Department does not have any business-type activities. Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement results of operations.

The General Fund is the general operating fund of the Department and accounts for all general revenues and expenditures of the Department. The Fiduciary fund accounts for amounts due to the Santee Sioux Nation, which are passed through the Department from the Nebraska Department of Health and Human Services.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

North Central District Health Department
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus/Basis of Accounting (cont'd)

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and also use the full accrual basis method of accounting. The governmental fund financial statements use the current financial resources measurement focus and modified accrual basis method of accounting.

Budgetary Data

The Department adopts an annual budget. The annual budget is prepared on the modified accrual basis of accounting. The Board of Health formally approves the budget. All annual appropriations lapse at fiscal year end.

Property and Equipment

Equipment expenditures greater than \$5,000 are capitalized. The basis of valuation of depreciable assets is historical cost. Current year depreciation expense totaling \$24,922 is included in the governmental activities. Depreciation is computed using the straight-line method. Estimated useful lives, in years, are as follows:

Automobiles	5
Computers & Peripheral Equipment	5
Building	39

Equity Classification

Government-wide Statements:

Equity is classified as net assets and displayed in two components:

Restricted net assets consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted net assets do not meet the definition of "restricted".

It is the Department's policy to use restricted net assets first, prior to the use of unrestricted net assets, when a disbursement is paid for purposes in which both restricted and unrestricted net assets are available.

North Central District Health Department
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Financial Statements:

Beginning with fiscal year 2011, the Department implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable fund balance—amounts that cannot be spent because they are either not in a spendable form (such as inventory and prepaid amounts) or are legally or contractually required to be maintained intact.
- Restricted fund balance—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the Department itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Department takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the Department intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose; these amounts can be reported only in the Department's General Fund. All amounts reported must be positive.

Beginning fund balances for the Department's governmental funds have been restated to reflect the above classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Department considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Department considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors or Executive Director has provided otherwise in its(his) commitment or assignment actions.

Fund balances, as of June 30, 2012, are shown in Note E.

Pervasiveness of Estimates

The preparation of financial statements required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

North Central District Health Department
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Advertising Expenses

The Department expenses advertising costs as they are incurred. Advertising expenses for the year ended June 30, 2012 were \$50,767.

Subsequent Events

In the normal course of preparing the Government's financial statements, management reviews events that occur after the statement of financial position date June 30, 2012 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through December 12, 2012, which is the date the financial statements were available to be issued.

NOTE C – CASH AND INVESTMENTS

Cash for the department at June 30, 2012 consisted of the following:

	<u>2012</u>
BankFirst Bank, O'Neill, NE	
Checking	\$ 281,130
Pinnacle Bank, O'Neill, NE	
Savings	233,148
CD	<u>29,471</u>
	<u>\$ 543,749</u>

At June 30, 2012 the Department had bank deposits of \$590,575. Of that amount, \$12,619 was not covered by federal depository insurance and/or collateralized by U.S. Government securities subject to joint custody safe keeping receipts issued by the custodial financial institution, which was not the pledging institution.

NOTE D – FIXED ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2012 follows:

	<u>Vehicles</u>	<u>Equipment</u>	<u>Software</u>	<u>Building</u>	<u>Accumulated Depreciation</u>	<u>Totals</u>
Balances June 30, 2011	\$ 18,420	\$ 67,153	\$ -	\$ 340,020	\$ (85,393)	\$ 340,200
Additions	-	33,952	39,995	-	(24,922)	49,025
Deletions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances June 30, 2012	<u>\$ 18,420</u>	<u>\$ 101,105</u>	<u>\$ 39,995</u>	<u>\$ 340,020</u>	<u>\$ (110,315)</u>	<u>\$ 389,225</u>

North Central District Health Department
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE E - FUND BALANCES

The following schedule reflects all Fund Balances as presented in the Governmental Funds Balance Sheet/Statement of Net Assets:

		General Fund 2012
<hr/>		
Fund Balances:		
Restricted for:		
ID Badging	\$	14,829
RROMRS Fiscal Agent		6,386
RROMRS GIS		10,002
Radon		93
West Nile Virus		2,132
Out Patient Surveillance		5,000
SPF SIG		38,667
Healthy Communities		2,910
Oral Health		9,621
Santee		5,555
Total Restricted		<hr/> 95,195
 Assigned to:		
RROMRS Vulnerable		1,254
OMH Pan Flu		3,088
Indoor Air		8,445
Cancer		3,598
Tobacco Intervention		5,168
Medicaid		1,153
ARF		750
Car Purchase		23,956
Total Assigned		<hr/> 47,412
 Unassigned:		 <hr/> 298,811
 Total Fund Balances	 \$	 <hr/> <hr/> 441,418

North Central District Health Department
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE F – LEASES & COMMITMENTS

On May 26, 2011 the Department entered into an operating lease agreement with DakotaOne Business Machine Leasing for two copiers. The term of the lease is for 60 months and a monthly payment of \$350. The total amount paid for the year ended June 30, 2012 was \$4,550.

Required payments due in:

One year or less	\$ 4,200
Two years	4,200
Three years	4,200
Four years	3,500
Total Amount Due:	<u><u>\$ 16,100</u></u>

On January 26, 2012 the Board of Directors voted to purchase a new vehicle for the department based upon the lowest state/government rate up to \$26,000. The van was received and paid for in July of 2012 at the price of \$23,956.

NOTE G – COMPANY BENEFITS

Cafeteria Plan Description

The Department contributes 18% of an employee's gross salary or yearly income to a cafeteria plan. Employees use this for contributions to a 457b plan and/or for health insurance in whatever mix they choose. The Department does not provide a company match to contributions to the 457b plan.

NOTE H – RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the Department carried commercial insurance for general liability and worker's compensation coverage. There have been no significant reductions in insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two fiscal years.

NOTE I – RELATED PARTIES

The Department has a contract with one of the board of health members, to provide services as a contracted State Licensed Dental Hygienist with Public Health Authorization to provide preventative oral health services. The Contractor shall be reimbursed for all allowable expenses agreed upon by the parties not to exceed the sum of \$4,320 during the contracted period. During the year ended June 30, 2012, North Central District Health Department had expenses relating to this contract in the amount of \$1,238.

North Central District Health Department
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

**NOTE J – EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENT FUNDS
BALANCE SHEET AND THE STATEMENT OF NET ASSETS**

Total fund balances of the Department's governmental funds \$441,418 differs from "net assets" of governmental activities \$830,644 reported in the statement of net assets. This difference results from the long-term economic focus of the statement of net assets verses the current financial resources focus of the governmental fund balance sheet.

When capital assets (equipment, vehicles) that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Department.

Cost of capital assets	\$ 499,540
Accumulated depreciation	<u>(110,315)</u>
Total	<u>\$ 389,225</u>

**NOTE K – EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES**

The "excess (deficiency) of revenues over expenditures" of \$23,880 differs from the "change in net assets" for governmental activities of \$72,906. The differences arise from the long-term economic focus of the statement of activities versus the current financial focus of the governmental funds. The effect of the difference is explained below.

When capital assets that are to be used in governmental activities are purchased, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year.

Capital Outlay	\$ 73,948
Depreciation expense	<u>(24,922)</u>
Difference	<u>\$ 49,026</u>

REQUIRED SUPPLEMENTARY INFORMATION

**North Central District Health Department
BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2012**

	Original & Final Budget	Actual Amounts (Budgetary Basis) (See Note L)
Resources (inflows):		
Operating grants	\$ 1,026,888	\$ 1,127,611
Interest income	1,000	853
Miscellaneous income	5,000	7,089
Total	1,032,888	1,135,553
Charges to appropriations (outflows):	1,032,888	1,108,194
Total	1,032,888	1,108,194
Excess (deficiency) of inflows over outflows	-	27,359
Budgetary fund balances:		
June 30, 2010	516,390	516,390
June 30, 2011	\$ 516,390	\$ 543,749

See accompanying notes to the required supplementary information.

North Central District Health Department
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

NOTE L – BUDGETARY COMPARISON SCHEDULE

Basis of Presentation

The accompanying budgetary comparison schedule is presented on the cash basis method of accounting. This basis is not consistent with the basis of accounting used in presenting the basic financial statements. The accompanying schedule provides actual amounts on the budgetary basis (cash basis). The accrual to cash adjustment to the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities is as follows:

Net change in net assets	\$ 72,906
Increase/(Decrease) in:	
Accrued expenses	(6,224)
Salaries & payroll expenses	3,551
Capital assets , net of depreciation	(49,025)
Grant/contract income	<u>6,151</u>
Excess (deficiency) of inflows over outflows	<u>\$ 27,359</u>

NOTE M – EXPENDITURES IN EXCESS OF BUDGET APPROPRIATION

Actual expenditures exceeded budgeted appropriations by \$75,306. This was due to the District taken over as manager of the RROMRS program.

OTHER SUPPLEMENTARY INFORMATION

**North Central District Health Department
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Sub- Recipients</u>
U.S. Department of Health and Human Services				
Passed through State Department of Health and Human Services:				
State Indoor Radon Grant	66.032	K1-00739922-0	\$ 2,831	\$ -
Governor's Drug Free	84.146		7,511	-
NE Public Health Emergency Response	93.069	1H75TP000381-01	6,864	-
Public Health Preparedness and Response for Bioterrorism	93.069	2U90TP71675-11	161,855	-
Rural Vulnerable Populations GIS	93.069		3,411	-
Nebraska Colon Cancer Program	93.135	5U58DP002043-02	6,276	-
Oral Health & Dentistry	93.236	T12HP14997	7,762	-
Strategic Prevention Framework State Incentive Grant (SPF SIG)	* 93.243	5U79SP013937-05	185,226	-
Epidemiology and Laboratory Capacity for Infectious Diseases	93.283	1U50CK000273-01	12,041	-
State Heart Disease and Stroke Prevention Programs--Nutrition, Physical Activity & Obesity Program	93.283 / 93.991		6,636	-
Healthy Communities	93.991	B01DP009036-10/11	26,994	-
Preventive Health and Health Services Block Grant (MAPP)	93.507	5U58CD001310-02	4,011	-
Smoke Free Housing (ARRA)	93.723		7,259	-
PHONE	93.778		34,272	-
Rural Region One Medical Response System (RROMRS)	* 93.889	5U3REP090231-03-00	163,179	-
Passed through State Department of Health and Human Services and Region IV Behavioral Health System:				
Prevention Services	93.959		<u>52,000</u>	<u>-</u>
			<u>\$ 688,128</u>	<u>\$ -</u>

* denotes major program

North Central District Health Department
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION
June 30, 2012

NOTE N – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

North Central District Health Department
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of North Central District Health Department (the Department).
2. One significant deficiency relating to the audit of the financial statements is reported in the 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. This deficiency is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the Department were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Department expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this schedule.
7. The programs tested as major programs included:
 - U.S. Dept of Health and Human Services, Rural Region One Medical Resonse System (RRORMRS), CFDA #93.889
 - U.S. Dept of Health and Human Services, Strategic Prevention Framework State Incentive Grant (SPF SIG), CFDA #93.243
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Department did not qualify as a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

B-1 Preparation of Audit Report

1. Condition: The job description for the Department's accounting personnel does not require that they have the knowledge and training to prepare the financial statements and related note disclosures required by GASB No. 34 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments."
2. Criteria: Internal controls should be in place that provide reasonable assurance that the Department's personnel have the knowledge and training to prepare the financial statements and related note disclosures required by GASB No. 34 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments."

North Central District Health Department
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

3. Cause: The cost of hiring qualified personnel outweighs the benefits.
4. Effect: The Department relies on their auditor for assistance in preparing the financial statements and related note disclosures required by the accrual method of accounting according to the provisions of GASB No. 34 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments."
5. Recommendation: The Department should continue to rely on the auditor for assistance in preparing the financial statements and related note disclosures due to the cost of hiring qualified personnel.
6. Response: The Department will continue to rely on their auditor for assistance due to the cost of hiring qualified personnel.

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**North Central District Health Department
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2012**

During our audit, we noted that there were no findings and questioned costs applicable to a prior year that needed to have corrective action.