



**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Health
Lorain County General Health District
Lorain County
9880 South Murray Ridge Road
Elyria, Ohio 44035

We have audited the accompanying financial statements of the Lorain County General Health District, Lorain County, Ohio, (the District) as of and for the year ended December 31, 2003. 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 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 in Note 1, the District prepares its financial statements on the 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 our opinion, the financial statements referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Lorain County General Health District, Lorain County, Ohio, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2004, 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 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 our audit.

The accompanying Schedule of Federal Awards Expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Lorain County General Health District
Lorain County
Independent Accountants' Report
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 23, 2004

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	General	Special Revenue	Totals (Memorandum Only)
Receipts			
Taxes	\$ 2,268,352	\$ -	\$ 2,268,352
Intergovernmental	444,766	1,009,918	1,454,684
Charges for services	647,804	216,084	863,888
Miscellaneous	132,658	10,983	143,641
Total receipts	<u>3,493,580</u>	<u>1,236,985</u>	<u>4,730,565</u>
Disbursements			
Salaries and benefits	2,796,963	865,605	3,662,568
Travel	73,936	12,376	86,312
Office supplies	22,697	4,105	26,802
Medical supplies	96,295	11,151	107,446
Equipment	117,253	-	117,253
Contracts - repair/service	144,826	135,380	280,206
Distribution to state	37,212	74,814	112,026
Other expenditures	274,390	42,785	317,175
Total disbursements	<u>3,563,572</u>	<u>1,146,216</u>	<u>4,709,788</u>
Excess receipts over/(under) disbursements	<u>(69,992)</u>	<u>90,769</u>	<u>20,777</u>
Other financing sources (uses)			
Advances in	-	30,000	30,000
Advances out	(30,000)	-	(30,000)
Total other financing sources (uses)	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>
Excess receipts over/(under) disbursements and other sources (uses)	(99,992)	120,769	20,777
Cash balances, beginning	<u>2,036,698</u>	<u>518,502</u>	<u>2,555,200</u>
Cash balances, ending	<u>\$ 1,936,706</u>	<u>\$ 639,271</u>	<u>\$ 2,575,977</u>
Encumbrances outstanding, December 31, 2003	<u>\$ 138,081</u>	<u>\$ 26,235</u>	<u>\$ 164,316</u>

See accompanying notes to the financial statements.

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LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF ENTITY

The Lorain County General Health District, Lorain County, Ohio, (the Health District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Health District is a general health district as defined by Ohio Revised Code Section 3709.07. The Health District is governed by an appointed eight member Board of Health and a Health Commissioner and is responsible to the community for health services, education and prevention of disease.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment of funds is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Ohio Auditor of State.

C. FUND ACCOUNTING

The Health District uses fund accounting to segregate cash that is restricted as to use. The Health District classifies its funds into the following types:

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

Special Revenue Funds – These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Health District had the following significant special revenue funds:

Food Service License Fund – This fund is used to account for activity related to the issuance of licenses and inspections of food service operations as well as vending machine licenses.

Solid Waste Grant Fund - The Solid Waste Program serves as liaison to facilitate the County's master plan to regulate and monitor solid waste disposal.

WIC Fund – This fund is used to account for the Special Supplemental Nutrition Program for Women, Infants, and Children federal grant program.

Health District Infrastructure - This fund is used to account for the Centers for Disease Control and Prevention – Investigations and Technical Assistance federal grant program.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations – The Board of Health, annually, must adopt an itemized appropriation measure to be submitted to the Lorain County Auditor and by him submitted to the Lorain County Budget Commission for approval. The Budget Commission may reduce any item in such appropriation measure but may not increase any item or the aggregate of all items in the Health District's Budget. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. Appropriations lapse at year end.

Estimated Resources – Estimated resources include estimates of cash to be received (budget receipts) plus unencumbered cash as of January 1. Estimated resources are required to be certified to the Lorain County Auditor and by him submitted to the Lorain County Budget Commission for approval.

Encumbrances – The Ohio Revised Code requires the Health District to reserve (encumber) appropriations when commitments of funds are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 budgetary activity appears in Note 3.

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.

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 Health District.

NOTE 2 CASH BALANCES

As required by Ohio Revised Code, the Health District's cash pool, used by all funds, is deposited with the Lorain County Treasurer. The cash pool is commingled with Lorain County's cash and investment pool and is not identifiable as to demand deposits or investments. The carrying amount of cash on deposit with the Lorain County Treasurer at December 31, 2003, was \$ 2,575,977.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2003 was as follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,272,846	\$ 3,493,580	\$ 220,734
Special Revenue	1,257,781	1,266,985	9,204
Total	<u>\$ 4,530,627</u>	<u>\$ 4,760,565</u>	<u>\$ 229,938</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,078,250	\$ 3,701,653	\$ 376,597
Special Revenue	1,283,161	1,172,451	110,710
Total	<u>\$ 5,361,411</u>	<u>\$ 4,874,104</u>	<u>\$ 487,307</u>

NOTE 4 PROPERTY TAX

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 Ohio 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 of Ohio, and are reflected in the accompanying financial statements as intergovernmental receipts. Tax payments are due to Lorain County by December 31. If the property owner elects to make semi-annual payment, the first half is due December 31. 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 is assessed by the property owners, who must file a list of such property with Lorain County by each April 30.

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

NOTE 5 RETIREMENT SYSTEM

Health District employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2003, members of OPERS members contributed 8.5% of their gross salaries. The Health District contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Health District has paid all contributions required through December 31, 2003.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(CONTINUED)

NOTE 6 RISK MANAGEMENT

The Health District has obtained commercial insurance for comprehensive property and general liability, vehicles, and errors and omissions. Full-time Health District employees are provided health, dental and vision insurance coverage through Lorain County through various paid premium plans.

NOTE 7 CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

NOTE 8 INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts to the townships and municipalities comprising the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in Taxes in the District's financial statements. The District is comprised of the townships of Amherst, Brighton, Brownhelm, Camden, Carlisle, Columbia, Eaton, Elyria, Grafton, Henrietta, Huntington, LaGrange, New Russia, Penfield, Pittsfield, Rochester, Sheffield, and Wellington; the cities of Amherst, Avon, North Ridgeville, Oberlin, and Sheffield Lake; and the villages of Grafton, Kipton, LaGrange, Rochester, Sheffield, South Amherst, and Wellington.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Pass Through Entity Number	Disbursements
<u>U.S. Department of Agriculture</u>			
Passed through the Ohio Department of Health			
Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	4710011CL03/04	\$ <u>543,946</u>
Total U.S. Department of Agriculture			<u>543,946</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Ohio Department of Health			
Immunization Action Plan	93.268	4710012AZ02	47,646
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	4710012BI03/04	191,543
Passed through the Lorain County Children and Family Council			
Temporary Assistance to Needy Families	93.558	N/A	<u>96,505</u>
Total U.S. Department of Health and Human Services			<u>335,694</u>
<u>U.S. Department of Education</u>			
Passed through the Lorain County Children and Family Council			
Special Education – Grants for Infants and Families with Disabilities (Part C)	84.181	N/A	<u>30,566</u>
Total U. S. Department of Education			<u>30,566</u>
<u>U.S. Department of Transportation</u>			
Passed through the Office of the Governor's Highway Safety Representative			
Traffic Safety Grant	20.600	47000HD03045/4177	<u>26,126</u>
Total U.S. Department of Transportation			<u>26,126</u>
Total Federal Awards Expenditures			<u>\$936,332</u>

The accompanying notes are an integral part of these financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures is a summary of the activity of the Health District's federal award programs. This schedule has been prepared on the cash basis of accounting.

NOTE B – TANF/PART C REIMBURSEMENTS

Federal assistance passed through to the District from the Lorain County Family and Children's First Council was based on monthly billings for services provided by the District's nurses for the "Help Me Grow" program.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Health
Lorain County General Health District
Lorain County
9880 South Murray Ridge Road
Elyria, Ohio 44035

We have audited the financial statements of the Lorain County General Health District, Lorain County, Ohio, (the District) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 23, 2004. 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.

Compliance

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 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of the District in a separate letter dated April 23, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 23, 2004



**Auditor of State
Betty Montgomery**

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

Board of Health
Lorain County General Health District
Lorain County
9880 South Murray Ridge Road
Elyria, Ohio 44035

Compliance

We have audited the compliance of the Lorain County General Health District, Lorain County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Lorain County General Health District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

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

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted another certain matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 23, 2004.

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



Betty Montgomery
Auditor of State

April 23, 2004

**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Food Program for Women, Infants, and Children (WIC) – CFDA# 10.557
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A > \$ 300,000 Type B: All others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**Auditor of State
Betty Montgomery**

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LORAIN COUNTY GENERAL HEALTH DISTRICT

LORAIN 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 13, 2004**