



**Mary Taylor, CPA**  
Auditor of State



**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2008.....	5
Notes to the Financial Statements .....	7
Schedule of Federal Awards Expenditures .....	12
Notes to the Schedule of Federal Awards Expenditures .....	14
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
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 .....	17
Schedule of Findings .....	19
Schedule of Prior Audit Findings .....	23

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Erie County General Health District  
Erie County  
420 Superior Street  
Sandusky, Ohio 44870-1815

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 12, 2009

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Erie County General Health District  
Erie County  
420 Superior Street  
Sandusky, Ohio 44870-1815

To the Members of the Board:

We have audited the accompanying financial statement of the Erie County General Health District, Erie County, Ohio (the District), as of and for the year ended December 31, 2008. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 statement. 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 1, the District has prepared the financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statement presents, 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 statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require general health 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 statement referred to above for the year ended December 31, 2008 does 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances of the Erie County General Health District, Erie County, as of December 31, 2008, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2009, 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.

We conducted our audit to opine on the financial statement that collectively comprise the District's financial statement. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a Schedule of Federal Awards Expenditures. The Schedule is not a required part of the financial statement. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statement. In our opinion, this information is fairly stated in all material respects in relation to the financial statement taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

August 12, 2009



**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Taxes	\$1,831,092		\$1,831,092
Intergovernmental	439,214	\$968,733	1,407,947
Charges for Services	4,300	1,042,416	1,046,716
Permits		94,115	94,115
Other Fees		221,623	221,623
Licenses		405,649	405,649
Contractual Services		787,054	787,054
Other Receipts	16,950	198,225	215,175
<b>Total Cash Receipts</b>	<u>2,291,556</u>	<u>3,717,815</u>	<u>6,009,371</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Health:			
Salaries	179,439	2,952,315	3,131,754
Supplies	41,565	306,049	347,614
Remittances to State		178,149	178,149
Equipment	19,500	31,200	50,700
Contracts - Repair	378,062		378,062
Contracts - Services		461,453	461,453
Travel	26,667	96,644	123,311
Communications	13,315	23,909	37,224
Advertising and Printing	4,503	13,804	18,307
Public Employees Retirement	22,092	412,098	434,190
Workers Compensation	4,557	42,639	47,196
Medicare	1,307	41,537	42,844
Medical Insurance	27,403	559,943	587,346
Property and Liability Insurance	29,000		29,000
Other	60,728	52,679	113,407
<b>Total Cash Disbursements</b>	<u>808,138</u>	<u>5,172,419</u>	<u>5,980,557</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>1,483,418</u>	<u>(1,454,604)</u>	<u>28,814</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		1,435,491	1,435,491
Transfers-Out	(1,390,809)	(44,681)	(1,435,490)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(1,390,809)</u>	<u>1,390,810</u>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>92,609</u>	<u>(63,794)</u>	<u>28,814</u>
<b>Fund Cash Balances, January 1</b>	<u>1,470,062</u>	<u>2,940</u>	<u>1,473,002</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$1,562,671</u></u>	<u><u>(\$60,854)</u></u>	<u><u>\$1,501,816</u></u>

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

**This page intentionally left blank.**

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Erie County General Health District, Erie County (the District), as a body corporate and politic. The District is a combined Board of Health as defined by 3709.07 of the Revised Code. The District is the union of the city health departments of Sandusky, Huron, and Vermilion and the Erie County Board of Health. The District operates under the direction of an eleven-member appointed Board of Health with five members appointed by the City of Sandusky, three members appointed by the District Advisory Council, one member appointed by the District Licensing Council, and one member each appointed by the cities of Huron and Vermilion. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

**B. Accounting Basis**

This financial statement follows 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Erie County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the 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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Home Health Fund - This fund receives fees for providing home nursing services to elderly and homebound persons.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund annually.

**1. Appropriations**

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. The District Board 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.

**3. Encumbrances**

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

A summary of 2008 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. BUDGETARY ACTIVITY**

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

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

**2. BUDGETARY ACTIVITY (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,712,545	\$2,291,556	(\$1,420,989)
Special Revenue	3,876,865	5,153,306	1,276,441
Total	\$7,589,410	\$7,444,862	(\$144,548)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$862,408	\$2,198,947	(\$1,336,539)
Special Revenue	5,618,222	5,217,100	401,122
Total	\$6,480,630	\$7,416,047	(\$935,417)

Contrary to Ohio law, budgetary expenditures exceeded appropriations by \$1,336,539 in the Health District Fund and by \$12,475 in the Vital Statistics Fund.

Also, contrary to Ohio law, appropriations exceeded certified resources by \$87,151 in the WIC Fund; by \$48,322 in the Home Health Fund; by \$10,413 in the CFHS Fund; by \$212,197 in the Vaccines Fund; by \$187,105 in the General Clinics Fund; by \$100,530 in the Women's Health Fund; by \$202,495 in the Family Planning Fund; by \$23,376 in the Help Me Grow Fund; by \$11,647 in the Detention Center Fund; by \$116,499 in the School Nursing Fund; by \$63,093 in the BCMH Fund; by \$42,780 in the Jail Nursing Fund; by \$37,897 in the Teen Pregnancy Fund; by \$322,837 in the Community Health Fund; by \$24,760 in the AIDS Fund; by \$162,191 in the Environmental Health Fund; by \$7,653 in the Water Systems Fund; by \$18,134 in the Manufactured Housing Fund; by \$66,844 in the Food Service Fund; by \$3,138 in the Marina Fund; by \$3,272 in the Manufactured Home Parks Fund; by \$1,777 in the Camps Fund; by \$96,952 in the Solid Waste Fund; by \$2,823 in the Tattoo Parlors Fund; and by \$14,090 in the Pools / Spas Fund.

**3. 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 \$1,831,092 in 2008. The financial statements present these amounts as tax receipts.

**4. RETIREMENT SYSTEM**

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

**5. RISK MANAGEMENT**

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

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

The District 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. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do 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.

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

**5. 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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, 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 \$26,000. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

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.

<b><u>Contributions to PEP</u></b>	
2006	\$20,589
2007	\$22,617
2008	\$22,528

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 budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the District 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.

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	02210011WA0108 02210011WA0209	10.557	\$ 426,942 124,523
Total Department of Agriculture			<u>551,465</u>
<b>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct Program</i>			
Water Quality Assessment Study		66.xxx	<b>8,590</b>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through the Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to the States	02210011MC0108 02210011MC0209	93.994	24,887 21,038
Total Maternal and Child Health Services Block Grant to the States			<u>45,925</u>
Family Planning - Services	22-1-001-1-XX07 02210011FP0108	93.217	25,979 109,640
Total Family Planning - Services			<u>135,619</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	02210012PI0108 02210012PI01009	93.283	81,595 33,382
Total Centers for Disease Control and Prevention - Investigations and Technical Assistance			<u>114,977</u>
Total United States Department of Health and Human Services			<u>296,521</u>
<b>TOTAL SCHEDULE OF FEDERAL AWARDS EXPENDITURES</b>			<u><b>\$ 856,576</b></u>

The accompanying notes are an integral part of this Schedule.



**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

Erie County General Health District  
Erie County  
420 Superior Street  
Sandusky, Ohio 44870-1815

To the Members of the Board:

We have audited the financial statement of the Erie County General Health District, Erie County, Ohio (the District), as of and for the year ended December 31, 2008, and have issued our report thereon dated August 12, 2009, 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

### **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 instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2008-001 and 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 12, 2009.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, the Board of Health, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 12, 2009



# Mary Taylor, CPA

Auditor of State

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

Erie County General Health District  
Erie County  
420 Superior Street  
Sandusky, Ohio 44870-1815

To the Members of the Board:

### Compliance

We have audited the compliance of the Erie County General Health District, Erie 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 apply to its major federal program 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 program. 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 its major federal program for the year ended December 31, 2008.

### **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 expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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.

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



**Mary Taylor, CPA**  
Auditor of State

August 12, 2009

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
-------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2008-001**

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated.

As of December 31, 2008 the following funds had expenditures exceeding appropriations:

<u>Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Health District (General Fund)	\$862,408	\$2,198,947	(\$1,336,539)
Vital Statistics Fund	178,101	190,576	(12,475)

These funds had sufficient estimated resources available to permit the Director of Administrative Services to increase fund appropriations eliminating noncompliance.

The failure to have adequate appropriations in place at the time expenditures are being made could result in expenditures exceeding available resources, resulting in deficit spending practices. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Director of Administrative Services may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Officials' Response:**

The District's fiscal office will monitor appropriations to allow for sufficient funds.

**FINDING NUMBER 2008-002**

**Noncompliance Citation**

**Ohio Revised Code § 3709.28** provides, in part, the District Board of Health's total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, as certified by the County Auditor and approved by the County Budget Commission. In addition, no appropriations measure shall become effective until the District files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.



**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
-------------------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2008-002  
(Continued)**

**Noncompliance Citation - Ohio Revised Code § 3709.28 (Continued)**

As of December 31, 2008 the following funds had appropriations exceeding estimated resources:

<u>Funds</u>	<u>Certified Resources</u>	<u>Total Appropriations</u>	<u>Excess</u>
WIC Fund	\$535,701	\$622,852	(\$87,151)
Home Health Fund	697,500	745,822	(48,322)
CFHS Fund	42,700	53,113	(10,413)
Vaccines Fund		212,197	(212,197)
General Clinics Fund	210,000	397,105	(187,105)
Women's Health Fund	254,500	355,030	(100,530)
Family Planning Fund	214,551	417,046	(202,495)
Help Me Grow Fund	20,500	43,876	(23,376)
Detention Center Fund	58,000	69,647	(11,647)
School Nursing Fund	444,000	560,499	(116,499)
BCMh Fund	10,000	73,093	(63,093)
Jail Nursing Fund	165,000	207,780	(42,780)
Teen Pregnancy Fund	56,000	93,897	(37,897)
Community Health Fund		322,837	(322,837)
AIDS Fund	58,000	82,760	(24,760)
Environmental Health Fund	38,400	200,591	(162,191)
Water Systems Fund	2,600	10,253	(7,653)
Manufactured Housing Fund	10,000	28,134	(18,134)
Food Service Fund	254,500	321,344	(66,844)
Marina Fund	9,117	12,255	(3,138)
Manufactured Home Parks Fund	7,660	10,932	(3,272)
Camps Fund	5,900	7,677	(1,777)
Solid Waste Fund	8,900	105,852	(96,952)
Tattoo Parlors Fund	1,500	4,323	(2,823)
Pools / Spas Fund	30,850	44,940	(14,090)

The CFHS fund had sufficient revenues so as to allow the Director of Administrative Services to obtain an amended certificate to cover the appropriations adopted.

The following funds did not have sufficient revenues so as to allow the Director of Administrative Services to obtain an amended certificate to cover the appropriations adopted: WIC, Vaccines, General Clinics, Women's Health, Family Planning, Help Me Grow, Detention Center, School Nursing, BCMH, Jail Nursing, Teen Pregnancy, Community Health, AIDS, Environmental Health, Water Systems, Manufactured Housing, Food Service, Marina, Manufactured Home Parks, Camps, Solid Waste, Tattoo Parlors, and Pools / Spas.

ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY

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

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

**FINDING NUMBER 2008-002  
(Continued)**

**Noncompliance Citation - Ohio Revised Code § 3709.28 (Continued)**

The Director of Administrative Services could have reduced appropriations to the actual level of expenditures in order to obtain compliance for the Home Health Fund. The failure to limit appropriations to amounts certified could allow expenditures to exceed available resources and create deficit spending practices, resulting in deficit fund balances.

We recommend the Director of Administrative Services monitor appropriations as compared to estimated resources and submit amendments to the County Budget Commission or reduce appropriations if sufficient revenues are not available.

**Officials' Response:**

The District's fiscal office will work with the County Auditor and Budget Commission to amend our official estimate to exceed appropriations.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315(b)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Revised Code § 5705.41(D)(1) – Expenditures not certified	No	Partially corrected, repeated as management letter comment.
2007-002	Ohio Revised Code § 5705.41(B) – Expenditures in excess of appropriations	No	Repeated as finding 2008-001 in this report.
2007-003	Ohio Revised Code § 3709.28 – Appropriations in excess of estimated resources	No	Repeated as finding 2008-002 in this report.





**Mary Taylor, CPA**  
Auditor of State

**GENERAL HEALTH DISTRICT**

**ERIE 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  
SEPTEMBER 22, 2009**