



**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Health:

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, 2002. 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, 2002, 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 11, 2003 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 federal awards expenditures schedule 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 § 117.26, Ohio Revised Code, 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 11, 2003

LORAIN COUNTY GENERAL HEALTH DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2002

	General	Special Revenue	Totals (Memorandum Only)
	<u> </u>	<u> </u>	<u> </u>
Receipts			
Taxes	\$ 2,457,527	\$ -	\$ 2,457,527
Intergovernmental - Federal	139,499	708,215	847,714
Intergovernmental - State	36,073	-	36,073
Home health services	69,215	-	69,215
Immunizations	108,372	-	108,372
Inspection fees	151,305	-	151,305
Other receipts	36,995	4,194	41,189
Other fees	85,620	-	85,620
Contractual services	219,372	-	219,372
State subsidy	45,073	113,000	158,073
Licenses	68,996	251,284	320,280
Miscellaneous	13,521	1,042	14,563
Total receipts	<u>3,431,568</u>	<u>1,077,735</u>	<u>4,509,303</u>
Disbursements			
Salaries and benefits	2,408,267	759,881	3,168,148
Travel	64,861	9,028	73,889
Office supplies	32,996	2,556	35,552
Medical supplies	119,582	11,799	131,381
Equipment	60,602	1,440	62,042
Contracts - repair/service	114,969	27,561	142,530
Distribution to state	26,315	74,718	101,033
Other expenditures	221,753	25,418	247,171
Total disbursements	<u>3,049,345</u>	<u>912,401</u>	<u>3,961,746</u>
Excess receipts over Disbursements	382,223	165,334	547,557
Fund cash balances, January 1, 2002	<u>1,654,475</u>	<u>353,168</u>	<u>2,007,643</u>
Fund cash balances, December 31, 2002	<u>\$ 2,036,698</u>	<u>\$ 518,502</u>	<u>\$ 2,555,200</u>
Reserve for encumbrances	<u>\$ 29,020</u>	<u>\$ 3,925</u>	<u>\$ 32,945</u>

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

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LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF ENTITY

The Lorain County General Health District, Lorain County, Ohio, (the 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 District is a general health district as defined by Ohio Revised Code Section 3709.07. The District is governed by an appointed eight member Board and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and issuing health-related licenses and permits.

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

B. BASIS OF ACCOUNTING

These financial statements follow the 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. CASH BALANCES

As required by the Ohio Revised Code, the Lorain County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. FUND ACCOUNTING

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

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

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

Food Service License Fund – This fund accounts 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 Lorain County's master plan to regulate and monitor solid waste disposal.

WIC Fund – This fund accounts for federal grant monies relating to the Special Supplemental Nutrition Program for Women, Infants and Children.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS

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

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 Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered 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.

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

A summary of 2002 budgetary activity appears in Note 2.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. ACCUMULATED 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 a liability under the District's basis of accounting.

NOTE 2 BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2002 was as follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,240,077	3,431,568	\$ 191,491
Special Revenue	1,006,961	1,077,735	70,774
Total	<u>\$ 4,247,038</u>	<u>\$ 4,509,303</u>	<u>\$ 262,265</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,364,047	\$ 3,078,365	\$ 285,682
Special Revenue	954,604	916,326	38,278
Total	<u>\$ 4,318,651</u>	<u>\$ 3,994,691</u>	<u>\$ 323,960</u>

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
CONTINUED

NOTE 3 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.

NOTE 4 RETIREMENT SYSTEMS

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2002 (the latest information available) PERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participant's gross salaries through December 31, 2002. The District has paid all contributions required through December 31, 2002.

NOTE 5 RISK MANAGEMENT

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks relating to the District:

- General liability and casualty;
- Public official's liability; and
- Vehicles

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

<u>Casualty Coverage</u>	<u>2001</u>
Assets	\$19,358,458
Liabilities	<u>\$8,827,588</u>
Retained Earnings	<u>\$10,530,870</u>
<u>Property Coverage</u>	<u>2001</u>
Assets	\$1,890,323
Liabilities	<u>\$469,100</u>
Retained Earnings	<u>\$1,421,223</u>

Full-time District employees are provided health, dental and vision insurance coverage through Lorain County.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
CONTINUED

NOTE 6 CONTINGENT LIABILITIES

The District receives financial assistance from federal grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits may require refunding to the grantor agencies. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of December 31, 2002.

The District is a party to legal proceedings seeking damages. The District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor / Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	4710011CL02	\$372,007
	10.557	4710011CL03	<u>138,605</u>
Total U.S. Department of Agriculture			<u>510,612</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through the Ohio Department of Health</i>			
Immunization Action Plan	93.268	4710012AZ02	60,415
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	4710012BI03	27,561
<i>Passed through the Lorain County Children and Families Council</i>			
Temporary Assistance to Needy Families 2002	93.558	N/A	44,533
Temporary Assistance to Needy Families 2003	93.558	N/A	<u>48,249</u>
		Subtotal:	<u>92,782</u>
Total U.S. Department of Health and Human Services			<u>180,758</u>
<u>U.S. Department of Education</u>			
<i>Passed through the Lorain County Children and Families Council</i>			
Special Education – Grants for Infants and Families with Disabilities (Part C) 2002	84.181	N/A	29,615
Special Education – Grants for Infants and Families with Disabilities (Part C) 2003	84.181	N/A	<u>13,739</u>
Total U.S. Department of Education			<u>43,354</u>
<u>U.S. Department of Transportation</u>			
<i>Passed through the Office of the Governor's Highway Safety Representative</i>			
Traffic Safety Grant	20.600	47000HDO1703	21,169
	20.600	47000HD03045	<u>5,107</u>
Total U.S. Department of Transportation			<u>26,276</u>
Total Federal Awards Expenditures			<u>\$761,000</u>

The accompanying notes are an integral part of this Schedule.

LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002

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 – RETURN OF GRANT MONEYS

During the year the Health District returned to the following granting agencies moneys that were not expended from the grant’s program remittances:

Grant	CFDA No.	Program Year	Amount
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	2002	\$4,830
Immunization Action Plan	93.268	2002	<u>36</u>
Total			<u><u>\$4,866</u></u>

Moneys returned to granting agencies are not federal expenditures under OMB Circular A-133 and not included in the Schedule of Federal Awards Expenditures.

CFDA – Catalog of Federal Domestic Assistance
N/A – Not Applicable



**Auditor of State
Betty Montgomery**

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

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

To the Board of Health:

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, 2002, and have issued our report thereon dated April 11, 2003. 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 certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 11, 2003.

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.

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Betty Montgomery
Auditor of State

April 11, 2003



**Auditor of State
Betty Montgomery**

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

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

To the Board of Health:

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 each of its major federal programs for the year ended December 31, 2002. The District's major federal programs are 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 each of its major federal programs 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 District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

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 other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 11, 2003.

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 11, 2003

**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS
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<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 Nutrition Program for Women, Infants, and Children (WIC) – CFDA# 10.557 and Temporary Assistance to Needy Families – CFDA# 93.558
<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
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None



**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 27, 2003**