



Dave Yost • Auditor of State



**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

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# Dave Yost • 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 statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Erie County General Health District, Erie County, Ohio (the District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 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 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Erie County General Health District, Erie County, Ohio, as of December 31, 2010, and the respective changes in financial position and the respective budgetary comparisons for the General, Women, Infants, and Children, Clinical Patient Services, Institutional Nursing Contracts, and Environmental Health Programs fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2010, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The schedule of federal awards expenditures provides additional information required by the 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 basic financial statements. The schedule of federal awards expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

September 22, 2011

**Erie County General Health District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited**

The discussion and analysis of the Erie County General Health District's financial performance provides an overview of the Health District's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2010 are as follows:

Net assets increased 10 percent from the prior year.

Approximately 60 percent of the services provided by the Health District are paid for through charges for the services provided (37 percent), with the remaining 23 percent being paid primarily through Medicare and/or Medicaid reimbursements. The remainder of the Health District's revenues is made up of property tax levies and tax related reimbursements (homestead and rollback) and State provided resources (operating subsidy).

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Erie County General Health District's financial position.

The statement of net assets and the statement of activities provide information about the activities of the Health District as a whole, presenting both an aggregate and a longer-term view of the Health District.

Fund financial statements provide a greater level of detail. These statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Health District's most significant funds individually and the Health District's non-major funds in a single column. The Health District's major funds are the General Fund and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs funds.

**REPORTING THE HEALTH DISTRICT AS A WHOLE**

The statement of net assets and the statement of activities reflect how the Health District did financially during 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Health District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the Health District as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include such items as changes in the Health District's property tax base and the condition of the Health District's capital assets. These factors must be considered when assessing the overall health of the Health District.

In the statement of net assets and the statement of activities, all of the Health District's activities are reflected as governmental activities. The programs and services reported here include general health and health clinic. These services are primarily funded by charges to clients (patients), Medicare and Medicaid reimbursements, and property taxes.

**Erie County General Health District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited**

**REPORTING THE HEALTH DISTRICT'S MOST SIGNIFICANT FUNDS**

Fund financial statements provide detailed information about the Health District's major funds, the General Fund; and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs funds. While the Health District uses a number of funds to account for its financial transactions, these are the most significant.

The Health District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. All of the Health District's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The fund financial statements provide a detailed short-term view of the Health District's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Health District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Table 1 provides a summary of the Health District's net assets for 2010 and 2009.

Table 1 Net Assets			
	Governmental Activities		
	2010	2009	Change
<u>Assets</u>			
Current and Other Assets	\$4,481,986	\$4,297,291	\$184,695
Capital Assets, Net	94,448	51,397	43,051
Total Assets	<u>4,576,434</u>	<u>4,348,688</u>	<u>227,746</u>
<u>Liabilities</u>			
Current and Other Liabilities	2,252,513	2,233,172	(19,341)
Long-Term Liabilities	290,277	267,073	(23,204)
Total Liabilities	<u>2,542,790</u>	<u>2,500,245</u>	<u>(42,545)</u>

(continued)



**Erie County General Health District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited**

Table 1  
Net Assets

	Governmental Activities		
	2010	2009	Change
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$93,131	\$48,805	\$44,326
Restricted	1,012	9,030	(8,018)
Unrestricted	1,939,501	1,790,608	148,893
<b>Total Net Assets</b>	<b>\$2,033,644</b>	<b>\$1,848,443</b>	<b>\$185,201</b>

The above table denotes only a couple of significant changes from the prior year. The first is the increase in current and other assets and is primarily due to an increase in cash and cash equivalents. This is generally the result of additional tax revenue from a .3 mill replacement levy approved in 2009 (replaced .26 mills). This increase is also reflected in the increase in unrestricted net assets. The other somewhat significant change is the increase in net capital assets and the corresponding increase in invested in capital assets. During 2010, the Health District purchased a new server, an exam table, and other miscellaneous furniture.

Table 2 reflects the changes in net assets for 2010. Since this is the first year the Health District has prepared financial statements in accordance with generally accepted accounting principles, revenue and expense comparisons to 2009 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2  
Changes in Net Assets

	Governmental Activities
	2010
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$2,279,774
Operating Grants and Contributions	1,390,323
<b>Total Program Revenues</b>	<b>3,670,097</b>
General Revenues	
Property Taxes Levied for General Purposes	1,882,996
Grants and Entitlements not Restricted to Specific Programs	518,067
Other	22,197
<b>Total General Revenues</b>	<b>2,423,260</b>
<b>Total Revenues</b>	<b>6,093,357</b>

(continued)

**Erie County General Health District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited**

Table 2  
Changes in Net Assets  
(continued)

	Governmental Activities
	2010
<u>Program Expenses</u>	
General Health	\$4,213,370
Health Clinic	1,694,015
Interest and Fiscal Charges	771
Total Expenses	5,908,156
Increase in Net Assets	185,201
Net Assets Beginning of Year	1,848,443
Net Assets End of Year	\$2,033,644

As mentioned previously, approximately 60 percent of the services provided by the Health District are paid for through charges for the services provided and through Medicare and/or Medicaid reimbursements. The remainder of the Health District's revenues is made up of property tax levies and tax related reimbursements (homestead and rollback) and State provided resources (operating subsidy).

Over 71 percent of the Health District's expenses are related to providing general health services which includes the women, infants, and children program, provision of nursing services, administration of vital statistics, AIDS programs, issuance of various licenses and permits, senior prescription assistance, the 211 referral service, and numerous community and family health programs. The remainder of the Health District's expenses account for the operations of the health clinic.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues. Comparisons to 2009 have not been made since they are not available for this year.

Table 3  
Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010
General Health	\$4,213,370	\$1,351,244
Health Clinic	1,694,015	886,044
Interest and Fiscal Charges	771	771
	\$5,908,156	\$2,238,059

**Erie County General Health District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited**

As identified above, 68 percent of the costs of providing general health services are paid for with program revenues; by charges for the services provided to clients (patients) and through reimbursements from Medicare/Medicaid as well as through various grants. Over 47 percent of the services provided through the health clinic are paid for in a similar manner. Resources received through property tax levies (general revenue) generally makes up balance of the costs for services provided.

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The Health District's major governmental funds are the General Fund; and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs funds.

The General Fund experienced a 14 percent increase in fund balance from the prior year. A factor contributing to this increase is additional tax revenues from the .3 mill replacement levy (replaced .26 mills).

The Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs funds all had deficit fund balances at the end of 2009 and 2010. These deficits are the result accruals for various liabilities. The Health District transfers resources to these funds at year end to account for expenditures made in excess of current year revenues (to bring the cash balance to zero); however, does not account the accruals for liabilities. The General Fund provides transfer to cover deficit balances when cash is needed rather than when accruals occur.

**BUDGETARY HIGHLIGHTS**

The Health District prepares an annual budget of revenues and expenditures/expenses for all funds of the Health District for use by Health District officials and such other budgetary documents as are required by State statute, including the annual appropriations measure which is effective the first day of January.

The Health District's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. For expenditures, changes from the original budget to the final budget were not significant; however, actual expenditures were 34 percent less than amounts budgeted. A significant portion of this change was due to budgeting for contracted physician hours that the Health District did not need to use.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - The Health District's investment in capital assets as of December 31, 2010, was \$94,448 (net of accumulated depreciation). Additions for 2010 primarily consisted of a new server, an exam table, and other miscellaneous furniture. There were no disposals. For further information regarding the Health District's capital assets, refer to Note 8 to the basic financial statements.

Debt - At December 31, 2010, the Health District had a capital lease for equipment and a liability for compensated absences (future severance payments). For further information regarding the Health District's long-term obligations, refer to Notes 13 and 14 to the basic financial statements.

**Erie County General Health District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited**

**CURRENT ISSUES**

As a public entity, a number of issues remain as priorities for concern and monitoring by the Erie County Health District (ECHD).

First, and most importantly, is the establishment of the Erie County Community Health Center (ECCHC) here at the Erie County Health Department. The transition of operations from a local health department public health clinic, to a Federally Qualified Health Center (FQHC) Look A-Like (LAL) has required an exponential amount of resource utilization ranging from strategic planning to the application process for Federally Qualified Health Care status.

The purpose of the transition from a population supported/State grant supported traditional public health clinic to one of a Federally Qualified status is best explained in the following way:

- FQHC status incorporates a stable funding source to the clinic operations. Knowing the clinic is a primary care center and a safety net for under and uninsured residents, a stable funding source is essential.
- The current funding schedule for the clinic relies on local tax levies (.2, .3, and .5 mills). This structure does not allow for stable funding. Coupled with the ever decreasing State grant funds awarded for clinic operations, a dangerous blend of circumstances could result in our ability to not only provide a safety net clinic, but will also affect our Epidemiological response toward infectious, communicable, or emerging disease threats.
- The successful renewal of a .5 mill levy in 2010 will result in approximately \$1.1 million in 2011 tax revenue. These dollars, combined with other revenue sources, enables the ECHD and the ECCHC to function and operate our programs and services on a daily basis as well as providing immediate first responder capability.
- The establishment of the ECCHC has resulted in primary care and delivery to our citizenry. With this delivery comes a Patient Centered Medical Home (PCMH) model, a care referral system of care and an assurance to our community that a vast array of services can be obtained immediately.

Being in a geographical zone between Cleveland and Toledo offers many challenges to the deliverers' of care. The local tax levies provide the needed subsidy to maintain a quality workforce and service delivery output.

In 2011, the .2 mill levy renewal will be on the November 8, 2011, ballot. This renewal generates approximately \$442,000. These funds will go directly into the administrative operation of the health department, including a portion of these revenues allocated to the ECCHC. With the local economy ebb and flow (due to seasonal influences) we see considerable use of our facilities by citizens for unduplicated services on the rise.

The needed management structure, Boards and general staff necessary to complete these functions are working efficiently while focusing on goals and objectives.

The revenue stream into the Erie County General Health District has grown with the attainment of various short term grants. This does not suggest that current grant values have remained constant, quite the contrary. Most Federal pass-through and State grants have diminished in total award or cooperative agreement amounts.

**Erie County General Health District  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited**

Combine that fact with the uncertainty of levy support, and one can hypothesize a solution to long-term planning and prioritization requires a massive effort.

The basic foundations of the ECHD and the ECCHC is our ability to provide needed services with uncertain supply and certain demand.

This complication is unparalleled in terms of developing an ongoing business plan when we consider other externalities which affect our budget, workforce, and outcomes.

The largest, single most uncontrolled influences is our healthcare benefit and the associated unknowns for medical inflation, cost structures, usage effects, and the effects this has on the operations of our agency. Although over the last five years, we have managed to tame the healthcare costs to the department. The costs have been curbed due in a large part to a Wellness Health Incentive Program (WHIP) that the medical insurers recognize as proactive and preventative. Once again, our ability to develop, manage, and monitor this internal system has led to success.

Externally, the medical costs and medical inflation indices are devastating the ability for citizens, including our workforce, to obtain care. Access to care and the percentage providers for uninsured and underinsured persons have plummeted, thus creating a larger demand for ECHD and ECCHC services.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Health District's finances for all those interested in the Health District's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Joseph Palmucci, CFO, 420 Superior Street, Sandusky, Ohio 44870-1815.

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**Erie County General Health District  
Statement of Net Assets  
December 31, 2010**

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,083,038
Accounts Receivable	32,156
Due from Other Governments	220,722
Prepaid Items	25,262
Materials and Supplies Inventory	13,386
Property Taxes Receivable	2,107,422
Depreciable Capital Assets, Net	94,448
 Total Assets	 4,576,434
<u>Liabilities</u>	
Accrued Wages Payable	166,826
Accounts Payable	64,818
Due to Other Governments	120,396
Matured Compensated Absences Payable	1,138
Deferred Revenue	1,899,335
Long-Term Liabilities	
Due Within One Year	91,993
Due in More Than One Year	198,284
 Total Liabilities	 2,542,790
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	93,131
Restricted for Erie County 211	1,012
Unrestricted	1,939,501
 Total Net Assets	 \$2,033,644

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District  
Statement of Activities  
For the Year Ended December 31, 2010**

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Governmental Activities</u>				
General Health	\$4,213,370	\$1,629,878	\$1,232,248	(\$1,351,244)
Health Clinic	1,694,015	649,896	158,075	(886,044)
Interest and Fiscal Charges	771			(771)
Total Governmental Activities	<u>\$5,908,156</u>	<u>\$2,279,774</u>	<u>\$1,390,323</u>	<u>(2,238,059)</u>
<u>General Revenues</u>				
Property Taxes Levied for General Purposes				1,882,996
Grants and Entitlements not Restricted to Specific Programs				518,067
Other				22,197
Total General Revenues				2,423,260
Change in Net Assets				185,201
Net Assets Beginning of Year - Restated (Note 3)				1,848,443
Net Assets End of Year				\$2,033,644

See Accompanying Notes to the Basic Financial Statements



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**Erie County General Health District  
Balance Sheet  
Governmental Funds  
December 31, 2010**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Clinical Patient Services</u>	<u>Institutional Nursing Contracts</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,082,026			
Accounts Receivable			\$21,695	
Due from Other Governments	148,824	\$22,398	25,701	\$18,946
Prepaid Items	25,262			
Materials and Supplies Inventory			13,386	
Property Taxes Receivable	<u>2,107,422</u>			
<b>Total Assets</b>	<b><u>\$4,363,534</u></b>	<b><u>\$22,398</u></b>	<b><u>\$60,782</u></b>	<b><u>\$18,946</u></b>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$12,843	\$24,326	\$38,782	\$26,366
Accounts Payable	2,441	479	47,257	331
Due to Other Governments	4,459	16,309	24,364	13,733
Matured Compensated Absences Payable	114			
Deferred Revenue	<u>2,256,246</u>	<u>22,398</u>	<u>18,675</u>	
<b>Total Liabilities</b>	<b><u>2,276,103</u></b>	<b><u>63,512</u></b>	<b><u>129,078</u></b>	<b><u>40,430</u></b>
<u>Fund Balance</u>				
Nonspendable	25,262		13,386	
Restricted				
Unassigned (Deficit)	<u>2,062,169</u>	<u>(41,114)</u>	<u>(81,682)</u>	<u>(21,484)</u>
<b>Total Fund Balance (Deficit)</b>	<b><u>2,087,431</u></b>	<b><u>(41,114)</u></b>	<b><u>(68,296)</u></b>	<b><u>(21,484)</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$4,363,534</u></b>	<b><u>\$22,398</u></b>	<b><u>\$60,782</u></b>	<b><u>\$18,946</u></b>

See Accompanying Notes to the Basic Financial Statements

Environmental Health Programs	Other Governmental	Total Governmental Funds
	\$1,012	\$2,083,038
\$4,712	5,749	32,156
	4,853	220,722
		25,262
		13,386
		<u>2,107,422</u>
<u>\$4,712</u>	<u>\$11,614</u>	<u>\$4,481,986</u>
\$32,532	\$31,977	\$166,826
3,032	11,278	64,818
21,961	39,570	120,396
	1,024	1,138
		<u>2,297,319</u>
<u>57,525</u>	<u>83,849</u>	<u>2,650,497</u>
		38,648
	1,219	1,219
<u>(52,813)</u>	<u>(73,454)</u>	<u>1,791,622</u>
<u>(52,813)</u>	<u>(72,235)</u>	<u>1,831,489</u>
<u>\$4,712</u>	<u>\$11,614</u>	<u>\$4,481,986</u>

**Erie County General Health District  
 Reconciliation of Total Governmental Fund Balance  
 to Net Assets of Governmental Activities  
 December 31, 2010**

Total Governmental Fund Balance		\$1,831,489
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		94,448
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Due from Other Governments	189,897	
Property Taxes Receivable	208,087	
		397,984
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Capital Leases Payable	(1,317)	
Compensated Absences Payable	(288,960)	
		(290,277)
Net Assets of Governmental Activities		\$2,033,644

See Accompanying Notes to the Basic Financial Statements

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**Erie County General Health District  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2010**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Clinical Patient Services</u>	<u>Institutional Nursing Contracts</u>
<u>Revenues</u>				
Property Taxes	\$1,856,917			
Charges for Services	2,167		\$649,896	\$623,022
Fees, Licenses, and Permits				
Intergovernmental	559,962	\$558,710	249,157	
Donations				
Other	16,385		398	25
<b>Total Revenues</b>	<b>2,435,431</b>	<b>558,710</b>	<b>899,451</b>	<b>623,047</b>
<u>Expenditures</u>				
Current:				
General Health				
Salaries	166,757	421,993		565,665
Fringe Benefits	55,073	137,301		127,603
Travel and Transportation	15,066	3,523		4,779
Contractual Services	121,845	31,919		2,131
Materials and Supplies	36,017	13,296		277
Occupancy and Maintenance	26,676	22,777		8,444
Intergovernmental				
Capital Outlay	2,100	12,768		
Other	351	3,269		343
Health Clinic				
Salaries			693,397	
Fringe Benefits			264,678	
Travel and Transportation			7,657	
Contractual Services			398,032	
Materials and Supplies			228,201	
Occupancy and Maintenance			76,224	
Capital Outlay			4,953	
Other			8,888	
Debt Service:				
Principal Retirement	177	405	270	6
Interest and Fiscal Charges	106	244	164	4
<b>Total Expenditures</b>	<b>424,168</b>	<b>647,495</b>	<b>1,682,464</b>	<b>709,252</b>
Excess of Revenues Over (Under) Expenditures	2,011,263	(88,785)	(783,013)	(86,205)
<u>Other Financing Sources (Uses)</u>				
Transfers In		83,450	777,066	72,184
Transfers Out	(1,742,084)			
<b>Total Other Financing Sources (Uses)</b>	<b>(1,742,084)</b>	<b>83,450</b>	<b>777,066</b>	<b>72,184</b>
Changes in Fund Balance	269,179	(5,335)	(5,947)	(14,021)
Fund Balance (Deficit) Beginning of Year - Restated (Note 3)	1,818,252	(35,779)	(62,349)	(7,463)
<b>Fund Balance (Deficit) End of Year</b>	<b>\$2,087,431</b>	<b>(\$41,114)</b>	<b>(\$68,296)</b>	<b>(\$21,484)</b>

See Accompanying Notes to the Basic Financial Statements

<u>Environmental Health Programs</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
		\$1,856,917
\$231,772	\$86,668	1,593,525
495,353	190,896	686,249
31,500	550,151	1,949,480
	30,642	30,642
<u>1</u>	<u>5,388</u>	<u>22,197</u>
<u>758,626</u>	<u>863,745</u>	<u>6,139,010</u>

569,484	703,896	2,427,795
166,093	230,529	716,599
39,696	23,786	86,850
44,413	188,431	388,739
20,599	19,627	89,816
32,724	49,207	139,828
124,477	106,213	230,690
1,132	137,793	153,793
2,380	3,474	9,817
		693,397
		264,678
		7,657
		398,032
		228,201
		76,224
		4,953
		8,888
255	162	1,275
<u>155</u>	<u>98</u>	<u>771</u>
<u>1,001,408</u>	<u>1,463,216</u>	<u>5,928,003</u>

<u>(242,782)</u>	<u>(599,471)</u>	<u>211,007</u>
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215,739	601,955	1,750,394
	(8,310)	(1,750,394)

<u>215,739</u>	<u>593,645</u>	
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(27,043)	(5,826)	211,007
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<u>(25,770)</u>	<u>(66,409)</u>	<u>1,620,482</u>
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<u>(\$52,813)</u>	<u>(\$72,235)</u>	<u>\$1,831,489</u>
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**Erie County General Health District  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Changes in Fund Balance  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2010**

Changes in Fund Balance - Total Governmental Funds		\$211,007
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p> <p>Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.</p>		
Capital Outlay - Depreciable Capital Assets	51,181	
Depreciation	<u>(8,130)</u>	43,051
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Property Taxes	26,079	
Intergovernmental	<u>(71,732)</u>	(45,653)
<p>Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets.</p>		
		1,275
<p>Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		<u>(24,479)</u>
Change in Net Assets of Governmental Activities		<u><u>\$185,201</u></u>

See Accompanying Notes to the Basic Financial Statements



**Erie County General Health District  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$1,802,903	\$1,802,903	\$1,856,917	\$54,014
Charges for Services		5,000	2,167	(2,833)
Intergovernmental	531,155	550,055	559,962	9,907
Other	65,000	45,000	16,521	(28,479)
<b>Total Revenues</b>	<b>2,399,058</b>	<b>2,402,958</b>	<b>2,435,567</b>	<b>32,609</b>
<u>Expenditures</u>				
Current:				
General Health				
Salaries	214,725	215,525	161,816	53,709
Fringe Benefits	78,412	78,496	55,750	22,746
Travel and Transportation	33,730	33,814	15,107	18,707
Contractual Services	225,400	226,884	122,200	104,684
Materials and Supplies	49,500	50,111	36,728	13,383
Occupancy and Maintenance	29,000	29,000	27,262	1,738
Capital Outlay		1,098	3,198	(2,100)
Other	6,500	6,860	711	6,149
<b>Total Expenditures</b>	<b>637,267</b>	<b>641,788</b>	<b>422,772</b>	<b>219,016</b>
Excess of Revenues Over Expenditures	1,761,791	1,761,170	2,012,795	251,625
<u>Other Financing Uses</u>				
Transfers Out		(1,742,084)	(1,742,084)	
Changes in Fund Balance	1,761,791	19,086	270,711	251,625
Fund Balance Beginning of Year	1,811,315	1,811,315	1,811,315	
Fund Balance End of Year	<b>\$3,573,106</b>	<b>\$1,830,401</b>	<b>\$2,082,026</b>	<b>\$251,625</b>

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Women, Infants, and Children Fund  
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$601,600	\$602,580	\$558,710	(\$43,870)
<u>Expenditures</u>				
Current:				
General Health				
Salaries	435,806	419,614	419,614	
Fringe Benefits	144,588	138,364	138,364	
Travel and Transportation	6,500	3,907	3,907	
Contractual Services	28,800	32,402	32,402	
Materials and Supplies	4,500	13,434	13,434	
Occupancy and Maintenance	18,167	21,491	21,491	
Capital Outlay		12,768	12,768	
Other		180	180	
Total Expenditures	638,361	642,160	642,160	
Excess of Expenditures Over Revenues	(36,761)	(39,580)	(83,450)	(43,870)
<u>Other Financing Sources</u>				
Transfers In			83,450	83,450
Changes in Fund Balance	(36,761)	(39,580)		39,580
Fund Balance Beginning of Year				
Fund Balance (Deficit) End of Year	<u>(\$36,761)</u>	<u>(\$39,580)</u>		<u>\$39,580</u>

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Clinical Patient Services Fund  
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services	\$482,686	\$742,300	\$644,615	(\$97,685)
Intergovernmental	258,046	174,253	243,518	69,265
Other			383	383
<b>Total Revenues</b>	<b>740,732</b>	<b>916,553</b>	<b>888,516</b>	<b>(28,037)</b>
<u>Expenditures</u>				
Current:				
Health Clinic				
Salaries	706,960	689,896	689,896	
Fringe Benefits	290,226	265,326	265,326	
Travel and Transportation	11,350	7,830	7,830	
Contractual Services	379,075	382,046	382,046	
Materials and Supplies	222,300	230,421	230,421	
Occupancy and Maintenance	83,598	76,135	76,135	
Capital Outlay		4,953	4,953	
Other	15,000	8,975	8,975	
<b>Total Expenditures</b>	<b>1,708,509</b>	<b>1,665,582</b>	<b>1,665,582</b>	
Excess of Expenditures Over Revenues	(967,777)	(749,029)	(777,066)	(28,037)
<u>Other Financing Sources</u>				
Transfers In			777,066	777,066
Changes in Fund Balance	(967,777)	(749,029)		749,029
Fund Balance Beginning of Year				
Fund Balance (Deficit) End of Year	<u>(\$967,777)</u>	<u>(\$749,029)</u>	<u>777,066</u>	<u>\$749,029</u>

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Institutional Nursing Contracts Fund  
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Charges for Services	\$745,000	\$635,000	\$641,249	\$6,249
Other			25	25
<b>Total Revenues</b>	<b>745,000</b>	<b>635,000</b>	<b>641,274</b>	<b>6,274</b>
<u>Expenditures</u>				
Current:				
General Health				
Salaries	571,877	566,424	566,424	
Fringe Benefits	137,986	130,605	130,605	
Travel and Transportation	8,000	4,886	4,886	
Contractual Services	3,175	2,215	2,215	
Materials and Supplies	500	277	277	
Occupancy and Maintenance	10,415	8,647	8,647	
Other	1,000	404	404	
<b>Total Expenditures</b>	<b>732,953</b>	<b>713,458</b>	<b>713,458</b>	
Excess of Revenues Over (Under) Expenditures	12,047	(78,458)	(72,184)	6,274
<u>Other Financing Sources</u>				
Transfers In			72,184	72,184
<b>Changes in Fund Balance</b>	<b>12,047</b>	<b>(78,458)</b>		<b>78,458</b>
Fund Balance Beginning of Year				
<b>Fund Balance (Deficit) End of Year</b>	<b>\$12,047</b>	<b>(\$78,458)</b>		<b>\$78,458</b>

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Environmental Health Programs Fund  
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services	\$261,875	\$194,565	\$240,123	\$45,558
Fees, Licenses, and Permits	506,453	480,440	498,752	18,312
Intergovernmental	67,000	25,000	41,730	16,730
Other			518	518
<b>Total Revenues</b>	<b>835,328</b>	<b>700,005</b>	<b>781,123</b>	<b>81,118</b>
<u>Expenditures</u>				
Current:				
General Health				
Salaries	559,044	564,468	564,468	
Fringe Benefits	176,415	166,420	166,420	
Travel and Transportation	47,850	40,476	40,476	
Contractual Services	26,375	45,243	45,243	
Materials and Supplies	16,800	20,573	20,573	
Occupancy and Maintenance	36,368	32,774	32,774	
Intergovernmental	123,200	123,396	123,396	
Capital Outlay		1,132	1,132	
Other	500	2,380	2,380	
<b>Total Expenditures</b>	<b>986,552</b>	<b>996,862</b>	<b>996,862</b>	
Excess of Expenditures Over Revenues	(151,224)	(296,857)	(215,739)	81,118
<u>Other Financing Sources</u>				
Transfers In			215,739	215,739
Changes in Fund Balance	(151,224)	(296,857)		296,857
Fund Balance Beginning of Year				
Fund Balance (Deficit) End of Year	<u>(\$151,224)</u>	<u>(\$296,857)</u>	<u>215,739</u>	<u>\$296,857</u>

See Accompanying Notes to the Basic Financial Statements

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**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 1 - DESCRIPTION OF THE ERIE COUNTY GENERAL HEALTH DISTRICT AND THE REPORTING ENTITY**

**A. The Health District**

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

**B. Reporting Entity**

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Erie County General Health District consists of all funds, departments, boards, and agencies that are not legally separate from the Health District.

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Health District is obligated for the debt of the organization. Component units may also include organizations for which the Health District approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the Health District in 2010.

The Health District participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 17 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Erie County General Health District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Health District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Health District's accounting policies.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

A. Basis of Presentation

The Health District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Health District as a whole.

The statement of net assets presents the financial condition of the governmental activities of the Health District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Health District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Health District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the Health District's funds are governmental funds.

Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Health District's major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.



**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Women, Infants, and Children Fund - This fund accounts for state and federal grants restricted for personnel costs, supplies, and rent for the various WIC programs.

Clinical Patient Services Fund - This fund accounts for state grants and patient fees restricted for personnel costs, supplies, and contracts to run the clinic.

Institutional Nursing Contracts Fund - This fund accounts for fees restricted to providing nursing services to various entities throughout the County.

Environmental Health Programs Fund - This fund accounts for fees, licenses, and permits restricted to providing healthy environmental conditions.

The other governmental funds of the Health District account for grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Health District are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Health District, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the Health District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Health District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Health District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services and grants.

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2010, but were levied to finance 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

E. Budgetary Process

All funds are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations measure, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations measure is the Board of Health's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Health. The level of control has been established by the Board of Health at the fund level for all funds. Budgetary allocations at the function and object level for all funds are made by the Chief Financial Officer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Financial Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

The appropriations measure is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations measure for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Health during the year.

F. Cash and Investments

As required by the Ohio Revised Code, the Erie County Treasurer is custodian for the Health District's deposits and investments. The County's deposit and investment pool holds the Health District's cash and investments, valued at the Treasurer's reported carrying amount.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Capital Assets

All of the Health District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Health District maintains a capitalization threshold of two thousand five hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture, Fixtures, and Equipment	5-20 years

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Health District will compensate the employees for the benefits through paid time off or some other means. The Health District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Health District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the Health District's termination policy. The Health District records a liability for accumulated unused sick leave for all employees with ten or more years of service with the Health District.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Capital leases are recognized as liabilities on the fund financial statements when due.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action of the Board of Health. The committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the Board of Health for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The Health District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**N. Interfund Transactions**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**O. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS**

**A. Changes in Accounting Principles**

The Erie County General Health District has presented, for the first time, basic financial statements in accordance with generally accepted accounting principles. In conjunction with this presentation, the Health District has changed its basis of accounting from the cash basis of accounting to government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds.

The Health District has also implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS** (continued)

These changes required that certain adjustments be recorded to the January 1, 2010, fund balances/net assets as previously recorded to reflect the prior year's effect of adopting these new accounting principles.

**B. Restatement of Fund Balance**

The transition from cash fund balance for governmental funds is as follows:

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
Cash Fund Balance December 31, 2009	\$1,811,315			
Accounts Receivable	136		\$15,802	
Due from Other Governments	151,872		111,741	\$37,173
Prepaid Items	24,676			
Materials and Supplies Inventory			5,800	
Property Taxes Receivable	2,084,560			
Accrued Wages Payable	(7,696)	\$(21,947)	(35,281)	(27,125)
Accounts Payable	(4,766)	(753)	(25,649)	(573)
Due to Other Governments	(5,413)	(13,079)	(25,005)	(16,938)
Deferred Revenue	(2,236,432)		(109,757)	
Fund Balance (Deficit) at December 31, 2009	<u>\$1,818,252</u>	<u>(\$35,779)</u>	<u>(\$62,349)</u>	<u>(\$7,463)</u>

	Environmental Health Programs	Other Governmental	Total Governmental Funds
Cash Fund Balance December 31, 2009		\$9,030	\$1,820,345
Accounts Receivable	\$16,979	17,887	50,804
Due from Other Governments	10,230	90	311,106
Prepaid Items			24,676
Materials and Supplies Inventory			5,800
Property Taxes Receivable			2,084,560
Accrued Wages Payable	(27,516)	(36,742)	(156,307)
Accounts Payable	(4,261)	(14,701)	(50,703)
Due to Other Governments	(21,202)	(41,973)	(123,610)
Deferred Revenue			(2,346,189)
Fund Balance (Deficit) at December 31, 2009	<u>(\$25,770)</u>	<u>(\$66,409)</u>	<u>\$1,620,482</u>

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS** (continued)

The transition from governmental fund balance to net assets of governmental activities is as follows:

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
Fund Balance (Deficit) at December 31, 2009	\$1,818,252	(\$35,779)	(\$62,349)	(\$7,463)
Due from Other Governments				
Property Taxes Receivable				
Capital Assets				
Compensated Absences Payable				
Capital Leases Payable				
Governmental Activities Net Assets at December 31, 2009				

	Environmental Health Programs	Other Governmental	Total Governmental Funds
Fund Balance (Deficit) at December 31, 2009	(\$25,770)	(\$66,409)	\$1,620,482
Due from Other Governments			261,629
Property Taxes Receivable			182,008
Capital Assets			77,786
Accumulated Depreciation			(26,389)
Compensated Absences Payable			(264,481)
Capital Leases Payable			(2,592)
Governmental Activities Net Assets at December 31, 2009			<u>\$1,848,443</u>

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

At December 31, 2010, the following funds had deficit fund balances:

Fund Type/Fund	Deficit
Major Special Revenue Funds	
Women, Infants, and Children	\$41,114
Clinical Patient Services	68,296
Institutional Nursing Contracts	21,484
Environmental Health Programs	52,813
Nonmajor Special Revenue Funds	
Home Health	10,242
	(continued)



**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

Fund Type/Fund	Deficit
Nonmajor Special Revenue Funds (continued)	
Public Health Emergency Planning and Response	\$11,579
Bureau of Children with Medical Handicapps	2,811
Vital Statistics	19,153
Community Health	24,695
AIDS	4,974

The deficit fund balances in the special revenue funds resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2010.

Fund Type/Fund	Estimated Resources Plus Available Balances	Appropriations	Excess
Original Budget			
Women, Infants, and Children	\$601,600	\$638,361	\$36,761
Clinical Patient Services	740,732	1,708,509	967,777
Environmental Health Programs	835,328	986,552	151,224
Final Budget			
Women, Infants, and Children	602,580	642,160	39,580
Clinical Patient Services	916,553	1,665,582	749,029
Institutional Nursing Contracts	635,000	713,458	78,458
Environmental Health Programs	700,005	996,862	296,857
Child and Family Health	29,918	32,820	2,902
Public Health Emergency Planning and Response	413,222	444,015	30,793
Bureau of Children with Medical Handicapps	25,000	58,316	33,316
Community Health	102,475	409,069	306,594
AIDS		82,003	82,003
Drug Repository		30,642	30,642
Erie County 211	23,030	27,000	3,970

The Chief Financial Officer will review appropriations to ensure they are within estimated resources.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund and the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts	Environmenta l Health Programs
GAAP Basis	\$269,179	(\$5,335)	(\$5,947)	(\$14,021)	(\$27,043)
<u>Increases (Decreases) Due To</u>					
Revenue Accruals:					
Accrued 2009, Received in Cash 2010	136		17,786	37,173	27,209
Accrued 2010, Not Yet Received in Cash			(28,721)	(18,946)	(4,712)
Expenditure Accruals:					
Accrued 2009, Paid in Cash 2010	(17,875)	(35,779)	(85,935)	(44,636)	(52,979)
Accrued 2010, Not Yet Paid in Cash	19,857	\$41,114	110,403	\$40,430	\$57,525
Prepaid Items	(586)				
Materials and Supplies Inventory			(\$7,586)		
Budget Basis	<u>\$270,711</u>				

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2010, consisted of accounts (billings for health services); intergovernmental receivables arising from grants, entitlements, and shared revenues; and property taxes. All receivables are considered collectible in full and within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$122,211
Personal Property Phase-Out	26,613
Total General Fund	148,824
Women, Infants, and Children	
Women, Infants, and Children Grant	22,398
Clinical Patient Services	
Medicaid	1,372
Family Planning Grant	18,675
Women's Health Services Grant	5,639
Other	15
Total Clinical Patient Services	25,701
Institutional Nursing Contracts	
School Contracts	9,444
Jail Contracts	9,502
Total Institutional Nursing Contracts	18,946
Total Major Funds	215,869
Nonmajor Funds	
Child and Family Health	
Child and Family Health Grant	4,853
Total Governmental Activities	\$220,722

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in Erie County and for those residents served in Lorain County. Real property tax revenues received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Erie County General Health District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2010, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 7 - PROPERTY TAXES** (continued)

The full tax rate for all Health District operations for the year ended December 31, 2010, was \$1.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Category	Amount
Real Property	
Agricultural	\$80,152,460
Residential	1,615,458,110
Commercial	399,303,130
Industrial	47,426,270
Public Utility Property	
Real	8,331,670
Personal	52,716,000
Total Assessed Value	\$2,203,387,640

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
Governmental Activities:				
Depreciable Capital Assets				
Furniture, Fixtures, and Equipment	\$77,786	\$51,181		\$128,967
Less Accumulated Depreciation for Furniture, Fixtures, and Equipment	(26,389)	(8,130)		(34,519)
Governmental Activities Capital Assets, Net	\$51,397	\$43,051		\$94,448

All depreciation expense was charged to General Health.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 9 - RISK MANAGEMENT**

The Health District participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The Health District pays an annual premium to the pool for various types of insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2010, the Health District had the following insurance coverage:

Type of Coverage	Coverage	Deductible
General Liability	\$2,000,000	\$1,000
Medical Malpractice Liability	2,000,000	1,000
Automobile Liability	2,000,000	
Wrongful Acts	2,000,000	1,000

There has been no significant reduction in insurance coverage from 2009, and no insurance settlement has exceeded insurance coverage during the last three years.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

Plan Description - The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. For 2010, member and employer contribution rates were consistent across all three plans.

The Health District's 2010 contribution rate was 14 percent. The portion of the Health District's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the Health District's contribution allocated to health care for members in the traditional plan was 5.5 percent from January 1, through February 28, 2010, and 5 percent from March 1, through December 31, 2010. The portion of the employer contribution allocated to health care for members in the combined plan was 4.73 percent from January 1, through February 28, 2010, and 4.23 percent from March 1, through December 31, 2010. Employer contribution rates are actuarially determined.

The Health District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 was \$186,283, \$162,563, and \$146,192, respectively. For 2010, 93 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$28,386 made by the District and \$20,276 made by the plan members.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 11- POSTEMPLOYMENT BENEFITS** (continued)

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in the traditional plan was 5.5 percent from January 1, through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of the employer contribution allocated to health care for members in the combined plan was 4.73 percent from January 1, through February 28, 2010, and 4.23 percent from March 1, through December 31, 2010.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Health District's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2010, 2009, and 2008 was \$122,382, \$137,717, and \$171,708, respectively. For 2010, 93 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS retirement board on September 9, 2004, was effective January 1, 2007. Member and employer contributions rates increased on January 1 of each year from 2006 to 2008. Rates for public safety and law enforcement employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from personnel policies and State laws.

Health District employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave, not to exceed three years of accumulated leave, upon termination.



**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 12 - COMPENSATED ABSENCES** (continued)

Sick leave is earned at four and six-tenths hours per pay period as defined by Health District personnel policies. Any employee with the Health District, who elects to retire, is entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of two hundred forty hours.

**NOTE 13 - LONG-TERM OBLIGATIONS**

The Health District's long-term obligations activity for the year ended December 31, 2010, was as follows:

	Balance December 31, 2009	Additions	Reduction s	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>					
Capital Leases Payable	\$2,592		\$1,275	\$1,317	\$1,317
Compensated Absences Payable	264,481	\$38,878	14,399	288,960	90,676
Total Governmental Activities	<u>\$267,073</u>	<u>\$38,878</u>	<u>\$15,674</u>	<u>\$290,277</u>	<u>\$91,993</u>

Capital Leases Payable

Capital lease obligations will be paid from the fund that maintains custody of the related assets.

Compensated Absences

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

The Health District has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as function expenditures on a budgetary perspective and as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. Principal payments in 2010 were \$1,275.

Equipment	\$4,200
Less Accumulated Depreciation	(2,520)
Total	<u>\$1,680</u>

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE** (continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2010.

Year	Principal	Interest
2011	\$1,317	\$216

**NOTE 15 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, and/or unassigned based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
Nonspendable for:				
Prepaid Items	\$25,262			
Materials and Supplies Inventory			\$13,386	
Total Nonspendable	25,262		13,386	
Restricted for:				
Child and Family Health Erie County 211				
Total Restricted				
Unassigned (Deficit):	2,062,169	\$(41,114)	(81,682)	\$(21,484)
Total Fund Balance (Deficit)	\$2,087,431	(\$41,114)	(\$68,296)	(\$21,484)

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

**NOTE 15 - FUND BALANCE** (continued)

Fund Balance	Environmental Health Programs	Other Governmental
Nonspendable for:		
Prepaid Items		
Materials and Supplies Inventory		
Total Nonspendable		
Restricted for:		
Child and Family Health		\$207
Erie County 211		1,012
Total Restricted		1,219
Unassigned (Deficit):	\$(52,813)	(73,454)
Total Fund Balance (Deficit)	\$(52,813)	(\$72,235)

**NOTE 16 - INTERFUND TRANSFERS**

During 2010, the General Fund made transfers to the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs special revenue funds and other governmental funds, in the amount of \$83,450, \$777,066, \$72,184, \$215,739, and \$601,955, respectively, to subsidize various programs or activities in those funds. Other governmental funds made transfers to other governmental funds, in the amount \$8,310, to subsidize various programs or activities in other funds.

**NOTE 17 - PUBLIC ENTITY SHARED RISK POOL**

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6797 North High Street, Suite 131, Worthington, Ohio 43085.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)**

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**NOTE 18 - CONTINGENT LIABILITIES**

A. Litigation

There are currently no matters in litigation with the Erie County General Health District as defendant.

B. Federal and State Grants

For the period January 1, 2010, to December 31, 2010, the Health District received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Health District believes such disallowances, if any, would be immaterial.

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<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)	02210011WA0310 02210011WA0411	10.557	\$ 481,341 <u>126,398</u>
Total Department of Agriculture			<u><b>607,739</b></u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through the Ohio Department of Health</i>			
Child and Family Health Services Block Grant (CFHS)	02210011MC0310 02210011MC0411	93.994	27,684 <u>11,353</u>
Total CFHS			<u>39,037</u>
Family Planning Grant	02210011FP0209 02210011FP0311	93.217	55,551 <u>71,675</u>
Total Family Planning Grant			<u>127,226</u>
Public Health Emergency Preparedness Grant (+ Public Health Emergency Response)	02210012PH0110 02210012PH0211	93.069	339,280 <u>35,505</u>
Total Public Health Emergency Preparedness Grant			<u>374,785</u>
Total United States Department of Health and Human Services			<u><b>541,048</b></u>
<b>TOTAL SCHEDULE OF FEDERAL AWARDS EXPENDITURES</b>			<u><b>\$ 1,148,787</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  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Erie County General Health District's (the District's) Federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • 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 statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Erie County General Health District, Erie County, Ohio (the District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 22, 2011, wherein we noted the District implemented a new financial reporting model, as required by provisions of Governmental Accounting Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* for State and Local Governments. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 22, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 22, 2011





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 could directly and materially affect the District's major federal program for the year ended December 31, 2010. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 Erie County General Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### 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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State

September 22, 2011

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	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 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>	No
<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 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(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Public Health Emergency Preparedness Grant – CFDA 93.069
<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

**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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# Dave Yost • Auditor of State

ERIE COUNTY 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 29, 2011