



**Mary Taylor, CPA**  
Auditor of State



**Lake County General Health District  
Lake County**

**Table Of Contents**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Cash Basis December 31, 2007.....	11
Statement of Activities – Cash Basis For the Year Ended December 31, 2007 .....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balance – Governmental Funds – December 31, 2007.....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	14
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2007 .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2007 .....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Woman, Infants and Children Fund For the Year Ended December 31, 2007 .....	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Health Nursing Fund For the Year Ended December 31, 2007 .....	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Help Me Grow Fund For the Year Ended December 31, 2007 .....	20
Notes to the Financial Statements .....	21
Schedule of Federal Awards Expenditures.....	35
Notes to the Schedule of Federal Awards Expenditures .....	36
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	37

**Lake County General Health District  
Lake County**

**Table Of Contents  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	39
Schedule of Findings .....	41
Schedule of Prior Audit Findings .....	44



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Lake County General Health District  
Lake County  
33 Mill Street  
Painesville, Ohio 44077

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County General Health District, Lake County, Ohio (the Health District), as of and for the year ended December 31, 2007, which collectively comprise the Health District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health 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.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County General Health District, Lake County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Woman, Infants and Children, Public Health Nursing, and Help Me Grow Special Revenue Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 6 to the Financial Statements, the Health District restated its December 31, 2006 fund balances and net assets due to the reclassification of various funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2009, on our consideration of the Health 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

February 20, 2009

**Lake County General Health District**  
**Lake County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

The discussion and analysis of the Lake County General Health District's, Lake County, Ohio (the "Health District") financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2007, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

**Financial Highlights**

Key financial highlights for the year 2007 are as follows:

- Net assets decreased by \$42,627 in 2007. Net assets consist of the cash balance of the twenty two Health District funds.
- The Health District had \$5,897,893 in disbursements during 2007.
- Total cash receipts for the Health District in 2007 were \$5,855,265.
- Program specific receipts in the form of charges for services and operating grants comprise the largest percentage of the Health District's receipts, making up 59% of all the monies receipted into the Health District. General receipts make up 41% of all monies received of which property taxes represents the largest portion of general revenues.
- State Subsidy, Employees contributions to insurance, and reimbursement of expenses incurred due to a train derailment in Lake County made up 2% of all dollars received.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Health District's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District Board of Health as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis (pages 11 & 12) provide information about the activities of the whole Health District, presenting both an aggregate view of the Health District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Lake County General Health District**  
**Lake County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited  
(Continued)

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Health District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Health District as a Whole**

The statement of net assets and the statement of activities (Pages 11 & 12) reflect how the Health District did financially during 2007, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other non-financial factors as well such as the Health District's property tax base, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Health District's major programs are reported. Charges for services and state and federal grants finance most of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

**Reporting the Health District's Most Significant Funds**

*Fund Financial Statements*

Fund financial statements provide detailed information about the Health District's major funds – not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Health District are governmental



**Lake County General Health District**  
**Lake County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited  
(Continued)

*Governmental Funds* - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General (Board of Health) Fund, the Women, Infants, and Children Fund (WIC), the Public Health Nursing Fund, and the Help Me Grow Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Health District as a Whole**

Table 1 provides a summary of the Health District's net assets for 2007 compared to 2006 on a cash basis:

**Table 1**  
**Net Assets – Cash Basis**

	<b>Governmental Activities</b>	
	<b>2006 (Restated)</b>	<b>2007</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$1,671,024	\$1,628,397
<b>Net Assets</b>		
Restricted for Other Purposes	585,195	332,238
Unrestricted	1,085,829	1296,159
<b>Total Net Assets</b>	\$1,671,024	\$1,628,397

As mentioned previously, net assets decreased by \$42,627.

Table 2 reflects the changes in net assets in 2006 and 2007:

**Lake County General Health District**  
**Lake County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited  
(Continued)

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities 2006 (Restated)</b>	<b>Governmental Activities 2007</b>
<b>Receipts</b>		
Program Cash Receipts		
Charges for Services	\$1,806,702	\$1,386,603
Operating Grants and Contributions	1,797,211	2,055,955
<b>Total Program Cash Receipts</b>	<b>3,603,913</b>	<b>3,442,558</b>
General Receipts		
Property Taxes Levied for		
General Health District Purposes	2,458,946	2,272,493
Grants and Entitlements not Restricted to Specific Programs	68,519	68,995
Extraordinary Item- FEMA Reimbursement	58,921	0
Miscellaneous	68,188	71,220
<b>Total General Receipts</b>	<b>2,654,574</b>	<b>2,412,708</b>
<b>Total Receipts</b>	<b>6,258,487</b>	<b>5,855,266</b>
<b>Disbursements</b>		
Environmental Health		
General Environmental Health	\$1,306,635	\$1,329,278
Air Pollution Control	235,781	249,723
Mosquito Control	231,443	219,249
Plumbing	880	6,591
Solid Waste	57,500	115,000
Storm Water	51,792	53,972
Food Service	38,109	38,842
Other Environmental Health	27,580	35,685
Home Care Services	498,382	73,637
Around the Clock	5,069	0
Community Health Services		
General Community Health Services	673,128	577,220
WIC	492,366	552,393
Help Me Grow	503,010	643,467
Flu	32,858	30,893
Immunizations	64,824	61,048
Child and Family Health Services	70,587	88,242
Communicable Diseases	3,319	5,338
HIV/AIDS Educational and Case Mgmt.	79,157	65,199
Health Promotion and Planning		
Health Promotion and Planning	252,657	170,742
Public Health Infrastructure	133,657	269,847
Vital Statistics	191,623	198,106
Administration	490,647	548,700
Capital Outlay	752,341	212,000
General Health District	323,967	352,721
<b>Total Disbursements</b>	<b>6,517,312</b>	<b>5,897,893</b>
<b>Change in Net Assets</b>	<b>(258,825)</b>	<b>(42,627)</b>
<b>Net Assets Beginning of Year - Restated</b>	<b>1,929,849</b>	<b>1,671,024</b>
<b>Net Assets End of Year</b>	<b>\$1,671,024</b>	<b>\$1,628,397</b>

**Lake County General Health District**  
**Lake County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited  
(Continued)

**The Health District as a Whole** (continued)

In 2007, 41 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 59 percent of the Health District's total receipts in year 2007. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, manufactured homes, swimming pools and spas, and water system permits and state and federal operating grants. The increase in Solid Waste disbursements was attributed to an extra payment made at the end of 2007 for 2008. The decrease in Home Care Services and Around the Clock disbursements was attributed to these programs being phased out in 2007. Health Promotions and Planning disbursements decreased due to the decrease in funding. Conversely, Public Health Infrastructure's disbursements increased due to an increase in direct funding. The Capital Outlay decrease from 2006 to 2007 was the result of the final payment made by the Health District to the Lake County Commissioners for the purchase of the Health District building.

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis (Page 12), you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general environmental health and Help Me Grow, which account for 22% and 11% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net (Disbursement) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Lake County General Health District**  
**Lake County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited  
(Continued)

**Table 3**  
**Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006 (Restated)	Net Cost of Services 2006 (Restated)
<b>Governmental Activities</b>				
<b>Environmental Health</b>				
General Environmental Health Services	\$1,329,278	(\$1,325,729)	\$1,306,635	(\$1,305,808)
Air Pollution Control	249,723	(18,661)	235,781	(12,406)
Mosquito Control	219,249	(214,779)	231,443	(226,928)
Plumbing	6,591	166,112	880	190,620
Solid Waste	115,000	42,242	57,500	103,357
Stormwater	53,972	54,391	51,792	23,327
Food Service	38,842	292,457	38,109	299,015
Other Environmental Health	35,685	186,934	27,580	429,296
Home Care Services	73,637	(25,928)	498,382	(72,861)
Around the Clock	0	0	5,069	(5,069)
<b>Community Health Services</b>				
General Community Health Services	577,220	(561,476)	673,128	(853,590)
WIC	552,393	(90,453)	492,366	(2,231)
Help Me Grow	643,467	33,726	503,010	45,285
Flu	30,893	60,345	32,858	66,508
Immunizations	61,048	18,105	64,824	19,578
Child and Family Health Services	88,242	18,355	70,587	49,579
Communicable Diseases	5,338	9,739	3,319	13,043
HIV/AIDS Education and Case Mgmt	65,199	283	79,157	(11,359)
<b>Health Promotion and Planning</b>				
Health Promotion and Planning	170,742	(42,727)	252,657	(207,913)
Public Health Infrastructure	269,847	9,629	133,657	68,567
Vital Statistics	198,106	45,521	191,623	50,377
Administration	548,700	(548,700)	490,647	(490,647)
Capital Outlay	212,000	(212,000)	752,341	(752,341)
General Health District	352,721	(352,721)	323,967	(323,967)
<b>Total Governmental Activities</b>	<b><u>\$5,897,893</u></b>	<b><u>(\$2,455,335)</u></b>	<b><u>\$6,517,312</u></b>	<b><u>(\$2,906,568)</u></b>

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing grants and charging rates for services that are closely related to costs. For 2007, 41 percent of health costs were supported through property taxes, unrestricted grants and other general receipts.

**Lake County General Health District**  
**Lake County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited  
(Continued)

**The Health District's Funds**

The governmental funds, excluding transfers and advances had total receipts of \$5,855,266 and disbursements of \$5,897,893. The governmental funds had a decrease in the cash balance of \$42,627.

The fund balance of the General Fund (Board of Health Fund) decreased by \$55,385, to \$1,290,726 dollars at year-end. The Health District maintains a capital budget to help fund future expenditures for the building, equipment, automobiles, and sick and vacation pay due upon retirement. The Capital budget funds are part of the General Fund.

The Women, Infants, and Children (WIC) Fund had disbursements exceeding receipts by \$73,480. The cash balance of this fund was \$18,612 on December 31, 2007.

The Public Health Nursing Fund had receipts that exceeded disbursements by \$10,474.

The fund balance of the Help Me Grow fund increased \$77,709.

**General Fund Budgeting Highlights**

The Health District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2007, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes from the original and final budgeted amounts.

**Contacting the Health District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jeffrey Campbell CPA, Senior Manager, Lake County General Health District, 33 Mill Street, Painesville, Ohio 44077.

**This page intentionally left blank.**

**Lake County General Health District**  
**Lake County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,628,397</u>
<i>Total Assets</i>	<u><u>\$1,628,397</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	332,238
Unrestricted	<u>1,296,159</u>
<i>Total Net Assets</i>	<u><u>\$1,628,397</u></u>

See accompanying notes to the basic financial statements.

**Lake County General Health District**  
**Lake County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Disbursements	Program Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities</b>				
Environmental Health				
General Environmental Health Services	\$1,329,278	\$3,549		(\$1,325,729)
Air Pollution Control	249,723	4,250	\$226,812	(18,661)
Mosquito Control	219,249	4,470		(214,779)
Plumbing	6,591	172,703		166,112
Solid Waste	115,000	157,242		42,242
Stormwater	53,972	108,363		54,391
Food Service	38,842	331,299		292,457
Other Environmental Health	35,685	152,522	70,097	186,934
Home Care Services	73,637	47,709		(25,928)
Community Health Services				
General Community Health Services	577,220	15,744		(561,476)
WIC	552,393		461,940	(90,453)
Help Me Grow	643,467		677,193	33,726
Flu				
Flu	30,893	91,238		60,345
Immunizations	61,048	43,197	35,956	18,105
Child and Family Health Services	88,242	615	105,982	18,355
Communicable Diseases	5,338	12,077	3,000	9,739
HIV/AIDS Education and Case Mgmt	65,199	130	65,352	283
Health Promotion and Planning				
Health Promotion and Planning	170,742		128,015	(42,727)
Public Health Infrastructure	269,847		279,476	9,629
Vital Statistics	198,106	241,495	2,132	45,521
Administration	548,700			(548,700)
Capital Outlay	212,000			(212,000)
General Health District	352,721			(352,721)
<b>Total Governmental Activities</b>	<b>\$5,897,893</b>	<b>\$1,386,603</b>	<b>\$2,055,955</b>	<b>(\$2,455,335)</b>

**General Receipts**

Property Taxes Levied for:	
General Health District Purposes	\$2,272,493
Grants and Entitlements	
not Restricted to Specific Programs	68,995
Miscellaneous	71,220
<b>Total General Receipts</b>	<b>2,412,708</b>
Change in Net Assets	(42,627)
<b>Net Assets Beginning of Year</b>	<b>1,671,024</b>
<b>Net Assets End of Year</b>	<b>\$1,628,397</b>

See accompanying notes to the basic financial statements



**Lake County General Health District**  
**Lake County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Public Health Nursing</u>	<u>Help Me Grow Program</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,290,726	\$18,612	\$24,542	\$108,112	\$186,405	\$1,628,397
<i>Total Assets</i>	<u>\$1,290,726</u>	<u>\$18,612</u>	<u>\$24,542</u>	<u>\$108,112</u>	<u>\$186,405</u>	<u>\$1,628,397</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$47,490	\$0	\$1,415	\$0	4,018	\$52,923
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	1,243,236	0	0	0	0	1,243,236
Special Revenue Funds	0	18,612	23,127	108,112	182,387	332,238
<i>Total Fund Balances</i>	<u>\$1,290,726</u>	<u>\$18,612</u>	<u>\$24,542</u>	<u>\$108,112</u>	<u>\$186,405</u>	<u>\$1,628,397</u>

See accompanying notes to the basic financial statements

**Lake County General Health District**  
**Lake County**  
*Reconciliation of Total Government Fund Balances*  
*To Net Assets of Governmental Activities*  
*December 31, 2007*

---

---

<b>Total Governmental Fund Balances</b>	<u>\$1,628,397</u>
<i>Net Assets of Governmental Activities</i>	<u>\$1,628,397</u>

See accompanying notes to the basic financial statements

**Lake County General Health District**  
**Lake County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Women, Infants, and Children	Public Health Nursing	Help Me Grow Program	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$2,272,493	\$0	\$0	\$0	\$0	\$2,272,493
Subsidy	68,995	0	0	0	0	68,995
Operating Grants	63,092	461,940	109,094	677,193	744,636	2,055,955
Charges for Services	1,171,643	0	162,256	0	52,704	1,386,603
Miscellaneous	70,750	150	0	170	150	71,220
<i>Total Receipts</i>	<u>3,646,973</u>	<u>462,090</u>	<u>271,350</u>	<u>677,363</u>	<u>797,490</u>	<u>5,855,266</u>
<b>Disbursements</b>						
Current:						
Environmental Health						
General Environmental Health Services	1,329,278	0	0	0	0	1,329,278
Air Pollution Control	0	0	0	0	249,723	249,723
Mosquito Control	219,249	0	0	0	0	219,249
Plumbing	6,591	0	0	0	0	6,591
Solid Waste	115,000	0	0	0	0	115,000
Stormwater	53,972	0	0	0	0	53,972
Food Service	38,842	0	0	0	0	38,842
Other Environmental Health	35,685	0	0	0	0	35,685
Home Care Services	0	0	0	0	73,637	73,637
Community Health Services						
General Community Health Services	0	0	577,220	0	0	577,220
WIC	1,823	550,570	0	0	0	552,393
Help Me Grow	8,813	0	0	634,654	0	643,467
Flu	0	0	30,893	0	0	30,893
Immunizations	0	0	33,142	0	27,906	61,048
Child and Family Health Services	0	0	0	0	88,242	88,242
Communicable Diseases	0	0	5,338	0	0	5,338
HIV/AIDS Education and Case Mgmt	0	0	0	0	65,199	65,199
Health Promotion and Planning						
Health Promotion and Planning	3,065	0	142,796	0	24,881	170,742
Public Health Infrastructure	0	0	0	0	269,847	269,847
Vital Statistics	198,106	0	0	0	0	198,106
Administration	548,700	0	0	0	0	548,700
General Health District	352,704	0	17	0	0	352,721
Capital Outlay	212,000	0	0	0	0	212,000
<i>Total Disbursements</i>	<u>3,123,828</u>	<u>550,570</u>	<u>789,406</u>	<u>634,654</u>	<u>799,435</u>	<u>5,897,893</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>523,145</u>	<u>(88,480)</u>	<u>(518,056)</u>	<u>42,709</u>	<u>(1,945)</u>	<u>(42,627)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	498,530	0	0	498,530
Transfers Out	(498,530)	0	0	0	0	(498,530)
Advance In	70,000	15,000	30,000	65,000	70,000	250,000
Advance Out	(150,000)	0	0	(30,000)	(70,000)	(250,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(578,530)</u>	<u>15,000</u>	<u>528,530</u>	<u>35,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(55,385)</u>	<u>(73,480)</u>	<u>10,474</u>	<u>77,709</u>	<u>(1,945)</u>	<u>(42,627)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,346,111</u>	<u>92,092</u>	<u>14,068</u>	<u>30,403</u>	<u>188,350</u>	<u>1,671,024</u>
<i>Fund Balances End of Year</i>	<u>\$1,290,726</u>	<u>\$18,612</u>	<u>\$24,542</u>	<u>\$108,112</u>	<u>\$186,405</u>	<u>\$1,628,397</u>

See accompanying notes to the basic financial statements

**Lake County General Health District**  
**Lake County**  
*Reconciliation of the Statement of Receipts, Disbursements and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
December 31, 2007*

---

---

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<u>(\$42,627)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$42,627)</u>

See accompanying notes to the basic financial statements

**Lake County General Health District**  
**Lake County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$2,272,493	\$2,272,493	\$2,272,493	\$0
Subsidy	67,479	67,479	68,995	1,516
Operating Grants	61,555	71,347	63,092	(8,255)
Charges for Services	1,302,001	1,292,209	1,171,643	(120,566)
Miscellaneous	56,725	56,725	70,750	14,025
<i>Total Receipts</i>	<u>3,760,253</u>	<u>3,760,253</u>	<u>3,646,973</u>	<u>(113,280)</u>
<b>Disbursements</b>				
Current:				
Environmental Health				
General Environmental Health Services	1,527,129	1,529,720	1,329,419	200,301
Mosquito Control	223,741	216,116	219,249	(3,133)
Plumbing	266	3,081	6,615	(3,534)
Solid Waste	115,000	115,000	115,000	0
Stormwater	75,344	75,344	53,972	21,372
Food Service	39,864	37,928	38,842	(914)
Other Environmental Health	40,009	47,780	35,685	12,095
Community Health Services				
WIC	9,242	10,742	1,823	8,919
Help Me Grow	0	0	8,813	(8,813)
Health Promotion and Planning				
Health Promotion and Planning	0	1,078	3,065	(1,987)
Vital Statistics	179,199	215,199	198,106	17,093
Administration	576,000	576,000	548,700	27,300
General Health District	1,664,441	1,652,774	612,029	1,040,745
<i>Total Disbursements</i>	<u>4,450,235</u>	<u>4,480,762</u>	<u>3,171,318</u>	<u>1,309,444</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(689,982)</u>	<u>(720,509)</u>	<u>475,655</u>	<u>1,196,164</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	60,399	60,399	0	(60,399)
Transfers Out	(571,943)	(602,417)	(498,530)	103,887
Advances In	0	70,000	70,000	0
Advances Out	0	(50,000)	(150,000)	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(511,544)</u>	<u>(522,018)</u>	<u>(578,530)</u>	<u>(56,512)</u>
<i>Net Change in Fund Balances</i>	(1,201,526)	(1,242,527)	(102,875)	1,139,652
<i>Prior Year Encumbrances Appropriated</i>	13,538	13,538	13,538	0
<i>Fund Balances Beginning of Year</i>	1,332,573	1,332,573	1,332,573	0
<i>Fund Balances End of Year</i>	<u>\$144,585</u>	<u>\$103,584</u>	<u>\$1,243,236</u>	<u>\$1,139,652</u>

See accompanying notes to the basic financial statements

**Lake County General Health District**  
**Lake County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Women, Infants, and Children (WIC) Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Operating Grants	\$506,073	\$506,073	\$461,940	(\$44,134)
Miscellaneous	0	0	150	150
<i>Total Receipts</i>	<u>506,073</u>	<u>506,073</u>	<u>462,090</u>	<u>(43,984)</u>
<b>Disbursements</b>				
Current:				
Community Health Services				
WIC	550,978	570,948	550,570	20,378
<i>Total Disbursements</i>	<u>550,978</u>	<u>570,948</u>	<u>550,570</u>	<u>20,378</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,905)</u>	<u>(64,875)</u>	<u>(88,481)</u>	<u>(23,606)</u>
<b>Other Financing Sources (Uses)</b>				
Advance In	0	0	15,000	15,000
Transfers Out	(47,187)	(27,187)	0	27,187
<i>Total Other Financing Sources (Uses)</i>	<u>(47,187)</u>	<u>(27,187)</u>	<u>15,000</u>	<u>42,187</u>
<i>Net Change in Fund Balances</i>	(92,092)	(92,062)	(73,481)	18,582
<i>Prior Year Encumbrances Appropriated</i>	30	30	30	0
<i>Fund Balances Beginning of Year</i>	92,062	92,062	92,062	0
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$30</u>	<u>\$18,612</u>	<u>\$18,582</u>

See accompanying notes to the basic financial statements

**Lake County General Health District**  
**Lake County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Public Health Nursing Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Receipts</b>				
Operating Grants	\$38,982	\$28,982	\$109,094	\$80,112
Charges for Services	157,500	157,500	162,256	4,756
Miscellaneous	3,000	13,000	0	(13,000)
<i>Total Receipts</i>	<u>199,482</u>	<u>199,482</u>	<u>271,350</u>	<u>71,868</u>
<b>Disbursements</b>				
Current:				
Community Health Services				
General Community Health Services	868,797	755,040	577,220	177,820
Flu	37,330	30,065	32,308	(2,243)
Immunizations	51,961	32,735	33,142	(407)
Child and Family Health Services	33	33	0	33
Communicable Diseases	12,417	7,619	5,338	2,281
Health Promotion and Planning	181,924	175,441	142,796	32,645
Public Health Infrastructure	0	0	17	(17)
<i>Total Disbursements</i>	<u>1,152,462</u>	<u>1,000,933</u>	<u>790,821</u>	<u>210,112</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(952,980)</u>	<u>(801,451)</u>	<u>(519,471)</u>	<u>(138,244)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	944,431	824,902	498,530	(326,372)
Transfers Out	(5,519)	(5,519)	0	5,519
Advance In	0	30,000	30,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>938,912</u>	<u>849,383</u>	<u>528,530</u>	<u>(320,853)</u>
<i>Net Change in Fund Balances</i>	(14,068)	47,932	9,059	(38,873)
<i>Prior Year Encumbrances Appropriated</i>	5,350	5,350	5,350	0
<i>Fund Balances Beginning of Year</i>	8,718	8,718	8,718	0
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$62,000</u>	<u>\$23,127</u>	<u>(\$38,873)</u>

See accompanying notes to the basic financial statements

**Lake County General Health District**  
**Lake County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Help Me Grow Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Operating Grants	\$582,579	\$632,579	\$677,193	\$44,614
Miscellaneous	0	0	170	170
<i>Total Receipts</i>	<u>582,579</u>	<u>632,579</u>	<u>677,363</u>	<u>44,784</u>
<b>Disbursements</b>				
Current:				
Community Health Services				
Help Me Grow	596,908	642,046	634,654	7,392
<i>Total Disbursements</i>	<u>596,908</u>	<u>642,046</u>	<u>634,654</u>	<u>7,392</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,329)</u>	<u>(9,467)</u>	<u>42,709</u>	<u>52,176</u>
<b>Other Financing Sources (Uses)</b>				
Advance In	0	65,000	65,000	0
Advance Out	(16,074)	(30,000)	(30,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(16,074)</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(30,403)	25,533	77,709	52,176
<i>Prior Year Encumbrances Appropriated</i>	0	0	0	0
<i>Fund Balances Beginning of Year</i>	30,403	30,403	30,403	0
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$55,936</u>	<u>\$108,112</u>	<u>\$52,176</u>

See accompanying notes to the basic financial statements



**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

**Note 1 – Reporting Entity**

A fourteen-member Board of Health and the Health Commissioner governs the Health District. The Board appoints a health commissioner and the three Directors. All other employees of the Health District are hired by the Health Commissioner. With the exception of the City of Mentor, each contracting city has one Board representative. As a result of their population, the City of Mentor has two representatives. The General Health District (township and villages) have three representatives on the board. There is one board member representing the licensing council, the licensing council represents various groups that are licensed by the Health District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and the issuance of health-related licenses and permits.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

**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. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 2 - Summary of Significant Accounting Policies** (continued)

Program receipts 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 or capital requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts 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. Funds are used to segregate resources that are restricted as to use. The funds of the Health District are presented as governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Health District are financed. The following are the Health District's major governmental funds:

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

*Women, Infants, and Children (WIC) Fund* – This special revenue fund accounts for the WIC grant funds and disbursements. The mission of WIC is to safeguard the health of low-income women with infants and children up to age 5 who are at nutrition risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care.

*Public Health Nursing Fund* – This special revenue fund receives fees and non-federal grant dollars for providing public health nursing services.

*Help Me Grow Fund* – This special revenue fund receives funding for the Help Me Grow (HMG) Program. The primary funding sources are TANF (Temporary assistance for needy families), "Part C" grant funds, and the State's General Revenue Fund for HMG.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

**C. Basis of Accounting**

The Health District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Board of Health may appropriate. The appropriations resolution is the County Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Lake County Board of Health. The legal level of control has been established by the Lake County Board of Health at the fund level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Health District. 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 certificated of estimated resources in effect at the time final appropriations were passed by the County Board of Health.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 2 - Summary of Significant Accounting Policies** (continued)

The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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 County Board of Health during the year.

**E. Cash and Investments**

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. The Lake County Treasurer's office is located in Lake County's administration building at 105 Main St. Painesville Ohio 44077. The phone number is (440)350-2516.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Health District's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 2 - Summary of Significant Accounting Policies** (continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include net assets related to the services provided by the WIC grant and other grants. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The Health District had no net assets restricted by enabling legislation.

M. Fund Balance Reserves

The Health District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

O. Extraordinary Item

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

**Note 3 – Change in Accounting Principles**

For 2007, the Health District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the Health District's financial statements.

**Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis).

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 4 - Budgetary Basis of Accounting** (continued)

The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$47,490
Major Special Revenue Fund:	
Public Health Nursing	1,415
Other Governmental Funds	4,018

**Note 5- Compliance and Accountability**

Contrary to Ohio Revised Code Section 5705.41(D) the Health District did not properly encumber 29 out of 62 transactions tested prior to obtaining the goods or services.

**Note 6 – Restatement of Fund Balance and Net Assets**

Certain reclassifications were made to the Governmental Activities net assets and Governmental Fund December 31, 2006 balances due to the reclassification of the Marina, Manufactured Homes, Water Systems, Swimming Pool, Vital Statistics, Food Services, and Solid Waste Site funds from Other Governmental Funds to General Fund. These funds only have revenue with the corresponding expenditures being posted in the General Fund. Also, the Health District removed the Family and Children First fund which is not part of the Health District reporting entity.

This reclassification had the following effect on beginning of year net assets/fund balance:

Fund Balance	General Fund	Home Care Nursing Fund	Public Health Nursing Fund	Other Governmental Funds
Reported December 31, 2006	\$ 1,223,820	\$ 26,141	\$ 9,049	\$ 427,510
Amount Reclassified/Corrected	122,291	(26,141)	5,019	(101,168)
Amount Removed from Health District's Financial Statements	0	0	0	(137,992)
Restated December 31, 2006	\$1,346,111	\$0	\$ 14,068	\$188,350
Net Assets	Governmental Activities			
Reported December 31, 2006	\$ 1,809,016			
Amount Removed from Health District's Financial Statements	(137,992)			
Restated December 31, 2006	\$1,671,024			

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 7 - Property and other Local Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Health District. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, then lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the values as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Health District operations for the year ended December 31, 2007, was \$.37 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$6,250,907,440
Public Utility Property	370,224,700
Tangible Personal Property	271,965,557
Total Assessed Value	\$6,893,097,697

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 8 - Risk Management**

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

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

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

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

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

Property Coverage

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

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.



**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 8 - Risk Management** (continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

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

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Health District's share of these unpaid claims collectible in future years is approximately \$42,000. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**Contributions to PEP**

2005	\$ 33,797
2006	\$ 38,060
2007	\$36,113

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 9 - Defined Benefit Pension Plans**

Ohio Public Employees Retirement System

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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment 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 OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll. The Health District's contribution rate for 2007 was 13.85 percent. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Health District of 14 percent.

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$239,475, \$243,683, and \$164,872 respectively. The full amount has been contributed for 2007, 2006 and 2005. The Health District made no contributions to the member-directed plan for 2007.

**Note 10 - Postemployment Benefits**

Ohio Public Employees Retirement System

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and combined Plans must have 10 or more years of qualified service credit. Health care coverage for disability benefit recipients and qualified survivor benefits recipients is available.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 10 - Postemployment Benefits** (continued)

Ohio Public Employees Retirement System

The Ohio Revised Code permits, but does not require, OPERS to provide healthcare 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits 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 healthcare plan.

The Health District’s contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$158,440, \$102,066 and \$69,056 respectively. The full amount has been contributed for 2007, 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**Note 11 - Interfund Transfers**

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Public Health Nursing Fund	\$498,530

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in the Public Health Nursing fund in accordance with budgetary authorizations.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 12 – Nonprofit Corporations**

On October 18, 1988, the District formed two nonprofit corporations in accordance with Chapter 1702 of the Ohio Revised Code which were recorded with the Secretary of State on October 19, 1988. On October 3, 2000, the District formed another nonprofit corporation in accordance with Chapter 1702 of the Ohio Revised Code which was recorded with the Secretary of State on October 6, 2000. The two corporations formed in 1988 are named the Lake County Around the Clock (ATC) and the Lake County Health District Fund. The corporation formed in 2000 is named the Health District Information Systems (HDIS) Corporation. All three corporations shall be operated exclusively for charitable, educational and scientific purposes and each corporation shall be operated specifically for the following:

Lake County ATC

- A.** To establish, operate, maintain and support home health care programs and other health care programs to treat or prevent injury and disease and to provide care to the elderly without regard to sex, race, color or creed.
- B.** To develop, participate in and carry on activities related to rendering care to elderly, sick and injured and/or designed and carried on to promote the health of the general community.
- C.** To provide funds or to expend funds to further the treatment or prevention of injury and disease, including, without limitation, to promote and carry on scientific research related to care of the elderly, sick and injured and/or the promotion of health in the general community served by the Lake County General Health District.
- D.** To take and hold by bequest, devise, gift, purchase, or lease either absolutely or in trust, for any of its purposes, and property, real or personal, without limitation as to amount or value; to sell, convey and dispose of any such property and to invest and reinvest the principal of the corporation for any of the purposes herein before set forth.
- E.** To do all things necessary or appropriate in order to accommodate the foregoing purposes.

Lake Health District Fund

- A.** To receive and maintain a fund or funds and to apply the income and principle thereof for charitable, educational or scientific purposes within the United States of America; and more particularly, but without limiting the generality of the foregoing, to provide financial support to the District, its employees and programs, for the care of the sick, elderly, injured, and disabled, to further the treatment or prevention of injury or disease and to develop activities designed and carried on to promote health in the general community served by the District.
- B.** To take and hold by bequest, devise, gift, purchase, or lease either absolutely or in trust, for any of its purposes, any property, real or personal, without limitation as to the amount or value; to sell, convey and dispose of any such property and to invest and reinvest the principle of the corporation for any of the purposes herein before set forth.
- C.** To do all things necessary or appropriate in order to accommodate the foregoing purposes.

**Lake County General Health District**  
**Lake County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

**Note 12 – Nonprofit Corporations** (continued)

HDIS Corporation

**A.** To develop a data management system to be used by local health districts and similar agencies.

**B.** Solely for the above purposes, HDIS Corporation is empowered to take and hold by bequest, devise, gift, contribution, purchase, lease, or any other form, either absolutely or in trust, any property, real or personal, tangible or intangible, without limitation as to amount or value; to sell, convey, use, apply and dispose of any such property and to invest and reinvest the income and principle thereof; to deal with and expend the income and principle of the HDIS Corporation; to make gifts or contributions to other entities or persons; and to exercise all other rights and powers conferred by the laws of the State of Ohio upon nonprofit corporations.

**C.** To do all things necessary or appropriate in order to accomplish the foregoing.

**Note 13 – Contingent Liabilities**

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**This page intentionally left blank.**

**Lake County General Health District  
Lake County  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2007**

Federal Grantor/ Pass-Through Grantor/ Program Title	Project/Grant Number	CFDA Number	Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Passed Through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	43-1-001-1-CL-07	10.557	\$397,249
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	43-1-001-1-WA0108	10.557	<u>121,859</u>
Total Department of Agriculture			<u>519,108</u>
<b>U.S. Department of Health &amp; Human Services</b>			
<i>Passed Through the Ohio Department of Health</i>			
Medical Reserve Corps Capacity	MRC 07067	93.008	1,078
Immunization Grants	43-1-001-2-AZ-06	93.268	2,875
Immunization Grants	43-1-001-2-AZ-07	93.268	<u>28,425</u>
Total Immunization Grants			31,300
Public Health Infrastructure	43-1-001-2-B1-07	93.283	217,685
Public Health Infrastructure	43-1-001-2-B1-08	93.283	<u>47,357</u>
Total Public Health Infrastructure			265,042
Maternal and Child Health Services Block Grant to the States	43-1-001-1-MC-07	93.994	29,984
Maternal and Child Health Services Block Grant to the States	43-1-001-1-MC-0108	93.994	<u>23,105</u>
Total Maternal and Child Health Services Block Grant to the States			53,089
<i>Passed Through Portsmouth City Health Department</i>			
HIV Prevention Activities: Health Department Based	263-440-5238-5(07)	93.940	23,687
<i>Passed Through Cuyahoga County of Ohio</i>			
HIV Emergency Relief Projects Grants	CE0600672-01(06)	93.914	4,904
HIV Emergency Relief Projects Grants	CE0700554-01(07)	93.914	<u>31,970</u>
Total HIV Emergency Relief Projects Grants			<u>36,874</u>
Total Department of Health & Human Services			<u>411,070</u>
<b>U.S. Department of Environmental Protection Agency</b>			
<i>Passed Through the Ohio Environmental Protection Agency</i>			
Air Pollution Control Program Support - FY 07	N/A	66.001	76,989
Air Pollution Control Program Support - FY 08	N/A	66.001	<u>24,561</u>
Total Air Pollution			101,550
Clean Air Act Grant - FY 07	N/A	66.034	7,671
Clean Air Act Grant - FY 08	N/A	66.034	<u>23,358</u>
Total Clean Air Grant			<u>31,029</u>
Total Environment Protection Agency			<u>132,579</u>
<b>U.S. Department of Transportation</b>			
<i>Passed Through the Ohio Department of Public Safety</i>			
State and Community Highway Safety - FY 07	SC-2007-73-00-00-00502-00	20.600	27,520
State and Community Highway Safety - FY 08	SC-2008-43-00-00-00283-00	20.600	<u>5,182</u>
Total Department of Transportation			<u>32,702</u>
<b>U.S. Department of Education</b>			
<i>Passed Through the Ohio Department of Health</i>			
Special Education Grants for Infants and Families 2007	43-1-001-1-EG-07	84.181	70,656
Special Education Grants for Infants and Families 2008	43-1-001-1-HG-0108	84.181	<u>53,191</u>
Total U.S. Department of Education			<u>123,847</u>
<b>Total Federal Assistance</b>			<u><u>\$1,219,306</u></u>

See accompanying notes to the Schedule of Federal Awards Expenditures

**Lake County General Health District  
Lake County**

**Notes to The Schedule of Federal Awards Expenditures  
Fiscal Year Ended December 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**N/A – Not Applicable**

**CFDA – Catalog of Federal Domestic Assistance**





# Mary Taylor, CPA

Auditor of State

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

Lake County General Health District  
Lake County  
33 Mill Street  
Painesville, Ohio 44077

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County General Health District, Lake County, (the Health District) as of and for the year ended December 31, 2007, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated February 20, 2009, wherein we noted the Health District restated its December 31, 2006 fund balances and net assets. 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 Health District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Health District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Health District's management in a separate letter dated February 20, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Health 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Health District's management in a separate letter dated February 20, 2009.

The Health District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Health District's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

February 20, 2009



# Mary Taylor, CPA

Auditor of State

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

Lake County General Health District  
Lake County  
33 Mill Street  
Painesville, Ohio 44077

To the Board of Trustees:

### Compliance

We have audited the compliance of the Lake County General Health District, Lake County, Ohio (the Health District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Health District's major federal program. The Health 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 Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Health 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 Health District's compliance with those requirements.

In our opinion, the Lake County General Health District, Lake County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

### Internal Control over Compliance

The Health 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 Health District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Health District's management in a separate letter dated February 20, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

February 20, 2009

**Lake County General Health District  
Lake County**

**Schedule of Findings  
OMB Circular A -133 § .505  
December 31, 2007**

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

Lake County General Health District  
Lake County

Schedule of Findings  
OMB Circular A -133 § .505  
December 31, 2007  
(Continued)

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

**FINDING NUMBER 2007-001**

**Noncompliance Finding**

**Encumbrance of Funds**

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal officer is attached thereto. The Fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**1. "Then and Now" certificate** – If the Fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time the Fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Health District can authorize the drawing of a warrant for the payment of the amount due. The Health District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Health District.

**2. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**3. Super Blanket Certificate** – The Health District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Health District's fiscal officer is the Lake County Auditor.

Lake County General Health District  
Lake County

Schedule of Findings  
OMB Circular A -133 § .505  
December 31, 2007  
(Continued)

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

**FINDING NUMBER 2007-001  
(Continued)**

**Noncompliance Finding (Continued)**

**Encumbrance of Funds (Continued)**

47 percent (29 out of 62) of the non-payroll transactions tested were not certified by the County Auditor at the time the commitment was incurred and there was no evidence the Health District followed the aforementioned exceptions. During our search for unrecorded encumbrances as of December 31, 2007, we noted 36 percent (8 out of 22) of the non-payroll transactions tested were not certified by the County Auditor at the time the commitment was incurred. 27 of the non-payroll errors and all of the unrecorded encumbrance errors occurred because the transaction did not have a purchase order executed, which is the method used by the Health District to certify funds. The remaining errors occurred because purchase orders were not executed and certified prior to commitments being incurred. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend the Senior Manager certify that funds are or will be available prior to obligation by the Health District. When prior certification is not possible, "then and now" certification should be used.

We recommend the Health District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The County Auditor should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The County Auditor should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Official's Response:**

The Health District is working with the County Auditor to develop procedures to eliminate this citation.

**3. FINDINGS FOR FEDERAL AWARDS**

None

Lake County General Health District  
Lake County

Schedule of Prior Audit Findings  
OMB Circular A -133 § .315 (B)  
December 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	ORC 5705.41 (D) (1) – Properly certifying the availability of funds.	No	Re-issued as finding number 2007-001.





**Mary Taylor, CPA**  
Auditor of State

**LAKE COUNTY GENERAL HEALTH DISTRICT**

**LAKE 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  
MARCH 26, 2009**