

Dave Yost • Auditor of State

**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lorain County General Health District, Lorain County, Ohio (the District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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 Lorain County General Health District, Lorain County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and WIC funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

June 3, 2011

LORAIN COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

Management's discussion and analysis of the Lorain County General Health District's (District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2010, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$ 1,411,936 or 29.3 percent during 2010.

The largest source of District revenue was from voted property tax receipts. These receipts represented 40.0 percent of total revenue. Grants, entitlements and contributions provided the second largest source of revenue, representing 36.8 percent of total revenue.

Using the Basic Financial Statements

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

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the District as a whole. Fund financial statements provide a greater level of detail. Funds segregate money based on legal regulations or for specific purposes. These statements present financial information by fund, presenting major funds in separate columns. The notes to the basic financial statements are an integral part of the District-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. These financial statements follow the basis of accounting the Auditor of State prescribes or permits. The District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts are recognized when received, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

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.

LORAIN COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

Reporting the Health District as a Whole

The Statement of Net Assets and The Statement of Activities reflect how the District did financially during 2010. The statement of net assets presents the cash balances of the governmental type activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each Governmental program activity. Program receipts include charges paid by the recipient for 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 cash disbursements with program receipts identifies how each Governmental function draws from the District's general receipts.

These statements report the 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 District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, one should also consider other non-financial factors as well, such as the District's property tax base, the condition of the District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds, not the District as a whole. The District establishes separate funds to manage its many activities and to help demonstrate that money that is restricted in its use is spent for the intended purpose.

All of the District's activities are reported as governmental activities. Governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine the availability of financial resources to support the District's programs. The District's major Governmental funds have separate columns on the financial statements. The District's major Governmental funds are the General Fund and the Women, Infants and Children (WIC) Fund. The programs reported in Governmental funds are those reported in the Governmental activities section of the entity-wide statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

The District as a Whole

Table 1 provides a summary of the District's net assets for 2010 compared to 2009 on a cash basis:

TABLE 1
Net Assets

	Governmental 2010	Activities 2009
Assets		
Equity in pooled cash	\$ 6,231,615	\$ 4,819,679
Total assets	<u>6,231,615</u>	<u>4,819,679</u>
Net assets		
Restricted for special purposes	471,405	531,737
Unrestricted	<u>5,760,210</u>	<u>4,287,942</u>
Total net assets	<u>\$ 6,231,615</u>	<u>\$ 4,819,679</u>

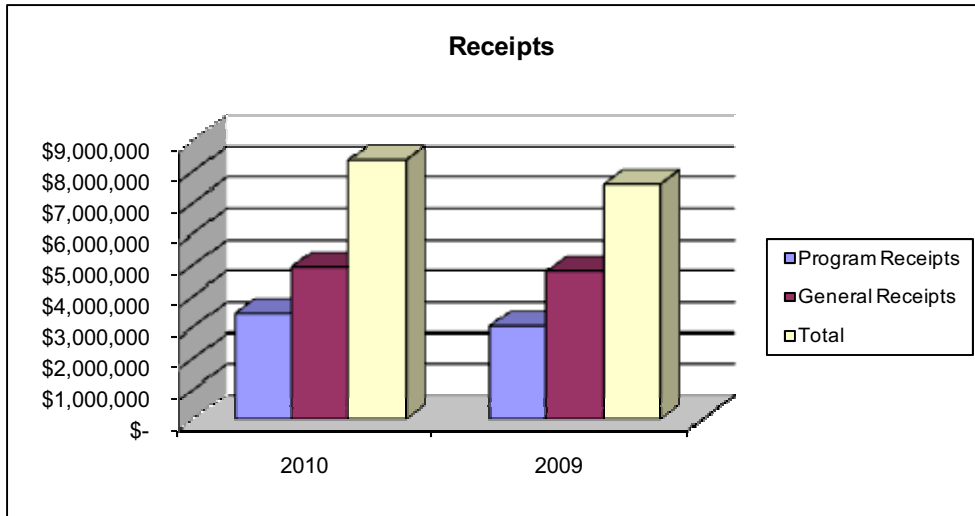
As mentioned previously, net assets of Governmental activities increased \$ 1,411,936 during 2010. The increase was primarily associated with the General Fund, which increased \$ 1,472,268.

Table 2 reflects the changes in net assets in 2010 compared to 2009 on a cash basis:

Table 2
Change in Net Assets

	Governmental Activities 2010	Governmental Activities 2009
Receipts		
Program receipts		
Charges for services and sales	\$ 1,518,294	\$ 1,545,505
Operating grants and contributions	1,921,811	1,481,738
Total program receipts	<u>3,440,105</u>	<u>3,027,243</u>
General receipts		
Property and other local taxes	3,348,714	3,319,129
Grants and entitlements	1,163,132	1,374,069
Miscellaneous	424,739	109,051
Total general receipts	<u>4,936,585</u>	<u>4,802,249</u>
Total receipts	<u>8,376,690</u>	<u>7,829,492</u>
Disbursements		
Public health services	<u>6,964,754</u>	<u>6,490,326</u>
Excess of receipts over disbursements	1,411,936	1,339,166
Net assets, beginning of year	<u>4,819,679</u>	<u>3,480,513</u>
Net assets, end of year	<u>\$ 6,231,615</u>	<u>\$ 4,819,679</u>

LORAIN COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED



Program receipts in 2010 represent 41.1 percent of total receipts as compared to 38.7 percent in 2009. These receipts are primarily comprised of restricted intergovernmental receipts and fees received for home health services, immunizations, inspections, and food service licenses.

General receipts represent 58.9 percent of the District's total receipts, and of this amount, 67.8 percent are local taxes.

Governmental Activities

If one looks at the Statement of Activities, the first column lists the major service provided by the District. The next column identifies the costs of providing that service. The major program disbursements for governmental activities are for public health services. The next two columns of the Statement entitled Program Cash Receipts identify amounts collected through fees and grants received by the District that have a restricted use. The Net (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the services that expend general receipts, the source of which to a significant extent, is the local taxpayer. A comparison between the total cost of services and the net cost is presented below.

Table 3
Governmental Activities

	Total Cost of Services	Program Receipts	Net Cost of Services
Public health services	\$ 6,964,754	\$ 3,440,105	\$ 3,524,649

Property taxes and other general receipts support 70.9 percent of the governmental activities.

The District's Funds

Total Governmental funds had receipts of \$ 8,376,690 and disbursements of \$ 6,964,754. The greatest change within Governmental funds occurred within the General Fund. The General Fund balance increased by \$ 1,472,268 in 2010, as compared to an increase of \$ 1,257,444 in 2009.

LORAIN COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

General Fund Budget Highlights

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

During 2010 the Board of Health amended the General Fund budget as necessary to reflect incremental revenues and corresponding expenditures. The Health Commissioner approves all adjustments to categories within the Board approved appropriations.

Actual receipts were more than final budget receipts by \$ 162,546, primarily due to tax and contractual services. The final disbursements budget was \$ 5,856,712 while actual disbursements were \$ 4,722,516. The \$ 1,134,196 variance was primarily due to salaries and benefits, medical supplies, and other expenditures being less than appropriated.

Capital Assets and Debt Administration

Capital Assets

The District currently tracks its capital assets. However, since the financial statements are presented on a cash basis, capital assets are not reflected on the District's financial statements. Instead, the acquisitions of property, plant and equipment are recorded as disbursements when paid.

Debt

The District has no debt obligations.

Current Issues

The local economy continues to be depressed in Lorain County. This situation has continued to impact Environmental Health income through a decline in home sewage treatment system requests and closure of some food service operations. The economy also impacted the tax collections with a slight reduction in income for 2010. The decline in income did not significantly affect the operations or financial stability of the Lorain County General Health District.

In spite of the local economy, the health district has realized positive financial status with the passage of the health levy in 2008 and federal financial support for the Emergency Response activities related to the H1N1 pandemic and other emergency planning activities. These funds have provided significant income and financial stability to the agency over and above our current level. There were additional expenditures in over-time, supplies, and seasonal flu vaccine costs related to the influenza effort. The federal support to pay for the flu clinic operating expenses alleviated the need to use the General Fund. This income has caused a temporary increase in surplus funds that will diminish over time as demand for services increase and public health standards change.

The growth of the organization and the increase in demands for services has caused an additional need for office space and infrastructure. The health district is currently implementing mobile and virtual workforce technologies, procedures, and policies to alleviate the spacing problems. The health district is planning on purchasing vehicles and upgrades to technology.

LORAIN COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

The health district has made adjustments in staff replacement in anticipation of the National Health Care Reform which has caused a general increase in the reserves temporarily. In addition, School Districts are losing funding and there was a slight decrease in services in 2010 and possibly a significant reduction in providing school nursing services in 2011.

The health district is preparing for the National Public Health Accreditation process that is scheduled to begin in 2011. Staff reorganization, quality improvement processes and business process modeling are components of the accreditation process and require additional resources and effort.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. If you have any questions about this report or need additional information, contact Kenneth G. Pearce, M.P.H. at Lorain County General Health District, 9880 S. Murray Ridge Road, Elyria, Ohio 44035, or by telephone at 440-284-3219.

LORAIN COUNTY GENERAL HEALTH DISTRICT
 STATEMENT OF NET ASSETS – CASH BASIS
 DECEMBER 31, 2010

	Governmental Activities
Assets	
Equity in pooled cash	\$ 6,231,615
Total assets	6,231,615
 Net assets	
Restricted for special purposes	471,405
Unrestricted	5,760,210
Total net assets	\$ 6,231,615

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities				
Public health services	\$ 6,964,754	\$ 1,518,294	\$ 1,921,811	\$ (3,524,649)
General receipts				
Property taxes levied for:				
General purposes				3,348,714
Grants and entitlements not restricted to specific purposes				1,163,132
Miscellaneous				424,739
Total general receipts				<u>4,936,585</u>
Change in net assets				1,411,936
Net assets at beginning of year				4,819,679
Net assets at end of year				<u>\$ 6,231,615</u>

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT

STATEMENT OF CASH BASIS ASSETS AND
FUND BALANCES – GOVERNMENTAL FUNDS

DECEMBER 31, 2010

	General Fund	WIC Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Equity in pooled cash	\$ 5,760,210	\$ 103,277	\$ 368,128	\$ 6,231,615
Total assets	<u>5,760,210</u>	<u>103,277</u>	<u>368,128</u>	<u>6,231,615</u>
Fund balances				
Reserved:				
Reserved for encumbrances	77,538	284	24,288	102,110
Unreserved:				
Undesignated, reported in:				
General fund	5,682,672	-	-	5,682,672
Special revenue funds	-	102,993	343,840	446,833
Total fund balances	<u>\$ 5,760,210</u>	<u>\$ 103,277</u>	<u>\$ 368,128</u>	<u>\$ 6,231,615</u>

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH BASIS FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	WIC Fund	Other Governmental Funds	Totals Governmental Funds
Receipts				
Taxes	\$ 3,348,714	\$ -	\$ -	\$ 3,348,714
Intergovernmental				
Federal	-	802,252	1,034,129	1,836,381
State and local	1,218,462	-	30,100	1,248,562
Charges for services				
Home health services	47,180	-	-	47,180
Immunizations	184,407	-	-	184,407
Inspection fees	54,247	-	-	54,247
Contractual services	529,210	-	-	529,210
Licenses	69,739	-	295,151	364,890
Miscellaneous				
Other receipts	8,918	-	77,273	86,191
Other fees	316,536	-	-	316,536
Refunds	339,833	2,561	17,978	360,372
Total receipts	<u>6,117,246</u>	<u>804,813</u>	<u>1,454,631</u>	<u>8,376,690</u>
Disbursements				
Salaries and benefits	3,506,567	703,381	703,566	4,913,514
Travel	64,463	7,408	10,905	82,776
Office supplies	62,239	6,463	6,405	75,107
Medical supplies	155,799	1,308	-	157,107
Equipment	135,241	-	33,000	168,241
Contracts - repair/service	225,435	-	292,538	517,973
Distribution to state	169,072	-	57,134	226,206
Other expenditures	326,162	35,537	462,131	823,830
Total disbursements	<u>4,644,978</u>	<u>754,097</u>	<u>1,565,679</u>	<u>6,964,754</u>
Excess receipts over (under) disbursements	<u>1,472,268</u>	<u>50,716</u>	<u>(111,048)</u>	<u>1,411,936</u>
Other financing sources (uses)				
Transfers in	-	-	15,000	15,000
Transfers out	-	(15,000)	-	(15,000)
Advances in	125,000	30,000	95,000	250,000
Advances out	(125,000)	(30,000)	(95,000)	(250,000)
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
Net change in fund balances	1,472,268	35,716	(96,048)	1,411,936
Fund balance, beginning of year	4,287,942	67,561	464,176	4,819,679
Fund balance, end of year	<u>\$ 5,760,210</u>	<u>\$ 103,277</u>	<u>\$ 368,128</u>	<u>\$ 6,231,615</u>

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS) – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Receipts				
Taxes	\$ 3,203,031	\$ 3,232,791	\$ 3,348,714	\$ 115,923
Intergovernmental				
State and local	1,234,659	1,234,659	1,218,462	(16,197)
Charges for services				
Home health services	45,000	45,000	47,180	2,180
Immunizations	180,000	180,000	184,407	4,407
Inspection fees	62,000	62,000	54,247	(7,753)
Contractual services	460,000	460,000	529,210	69,210
Licenses	80,000	80,000	69,739	(10,261)
Miscellaneous				
Other receipts	6,300	6,300	8,918	2,618
Other fees	280,000	323,950	316,536	(7,414)
Refunds	150,000	330,000	339,833	9,833
Total receipts	<u>5,700,990</u>	<u>5,954,700</u>	<u>6,117,246</u>	<u>162,546</u>
Disbursements				
Salaries and benefits	4,273,204	4,081,804	3,506,567	575,237
Travel	85,000	87,459	64,463	22,996
Office supplies	80,000	84,700	62,239	22,461
Medical supplies	210,000	345,538	158,599	186,939
Equipment	210,700	229,290	136,603	92,687
Contracts - repair/service	202,000	293,104	250,688	42,416
Distribution to state	200,000	226,800	203,786	23,014
Other expenditures	534,200	508,017	339,571	168,446
Total disbursements	<u>5,795,104</u>	<u>5,856,712</u>	<u>4,722,516</u>	<u>1,134,196</u>
Excess receipts over (under) disbursements	<u>(94,114)</u>	<u>97,988</u>	<u>1,394,730</u>	<u>1,296,742</u>
Other financing sources (uses)				
Advances in	75,000	205,000	125,000	(80,000)
Advances out	<u>(75,000)</u>	<u>(205,000)</u>	<u>(125,000)</u>	<u>80,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(94,114)	97,988	1,394,730	1,296,742
Prior year encumbrances appropriated	105,435	105,435	105,435	-
Fund balance, beginning of year	<u>4,182,507</u>	<u>4,182,507</u>	<u>4,182,507</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,193,828</u>	<u>\$ 4,385,930</u>	<u>\$ 5,682,672</u>	<u>\$ 1,296,742</u>

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS) – WIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	WIC FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Receipts				
Intergovernmental				
Federal	\$ 780,000	\$ 802,000	\$ 802,252	\$ 252
Miscellaneous				
Refunds	-	-	2,561	2,561
Total receipts	<u>780,000</u>	<u>802,000</u>	<u>804,813</u>	<u>2,813</u>
Disbursements				
Salaries and benefits	731,600	771,840	703,665	68,175
Travel	8,000	8,000	7,408	592
Office supplies	11,000	11,000	6,463	4,537
Medical supplies	3,000	3,000	1,308	1,692
Other expenditures	25,900	42,960	35,537	7,423
Total disbursements	<u>780,000</u>	<u>837,300</u>	<u>754,381</u>	<u>82,919</u>
Excess receipts over (under) disbursements	<u>-</u>	<u>(35,300)</u>	<u>50,432</u>	<u>85,732</u>
Other financing sources (uses)				
Advances in	75,000	75,000	30,000	(45,000)
Transfers out	-	(15,000)	(15,000)	-
Advances out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(30,000)</u>	<u>45,000</u>
Total other financing sources (uses)	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	-	(50,300)	35,432	85,732
Prior year encumbrances appropriated	2,290	2,290	2,290	-
Fund balance, beginning of year	<u>65,271</u>	<u>65,271</u>	<u>65,271</u>	<u>-</u>
Fund balance, end of year	<u>\$ 67,561</u>	<u>\$ 17,261</u>	<u>\$ 102,993</u>	<u>\$ 85,732</u>

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

The constitution and laws of the State of Ohio establish the rights and privileges of the Lorain County General Health District, (the District) as a body corporate and politic. An eight member Board, including a Health Commissioner govern the District which provides health services to the community including education and prevention of disease.

REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. They comprise the District's legal entity which provides services associated with immunization, vital statistics, health related licenses and permits, disease prevention and control, public health nursing, water and solid waste programs and emergency preparedness programs.

The Lorain County Commissioners are the taxing authority for the District. The Lorain County Auditor and the Lorain County Treasurer are responsible for fiscal control of the resources of the District.

The District's management believes these financial statements present all activities for which the 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

These financial statements follow the basis of accounting the Auditor of State prescribes or permits.

The 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.

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The Statement of Net Assets presents the cash balances of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. 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 District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the 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 District uses fund accounting 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 District utilizes the governmental category of funds.

Governmental Funds

Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the District's major governmental funds:

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

Women, Infants and Children (WIC) Fund – this fund receives federal grant funds which are used to provide services through the Special Supplemental Nutrition Program.

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

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS

The 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 District's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

D. BASIS OF ACCOUNTING

These financial statements are presented in accordance with the cash basis of accounting. As a result of the use of 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 these 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.

E. CASH

As required by Ohio Revised Code, the Lorain County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. Financial information can be obtained from the Lorain County Treasurer, located at 226 Middle Avenue, Elyria, Ohio 44035.

F. CAPITAL ASSETS

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the basis of accounting the District uses.

G. COMPENSATED ABSENCES

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The cash basis of accounting does not recognize unpaid leave as a liability.

H. LONG-TERM OBLIGATIONS

The District did not have any bonds or other long-term debt obligations.

I. INTERFUND RECEIVABLES/PAYABLES

The statements report exchange transactions between funds as receipts in the seller funds and disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses.

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. NET ASSETS

These statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use. The Statement of Net Assets reports \$ 471,405 as restricted net assets, none of which is restricted by enabling legislation.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

K. FUND BALANCE RESERVES AND DESIGNATIONS

In the fund financial statement, governmental funds report reservations of fund balance for amounts that are not available for appropriation. Fund balance reserves have been established for encumbrances.

L. BUDGETARY PROCESS

The Ohio Revised Code requires that all funds be budgeted and appropriated. The major documents prepared are the appropriations resolution and certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The certificate of estimated resources establishes a limit on the amounts the Board of Health may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board of Health uses the fund/function level as its legal level of control 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 District amends the certificate of estimated resources during the year if the District receives additional or new sources of funds. 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 final amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. 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 District during the year.

LORAIN COUNTY GENERAL HEALTH DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. BUDGETARY PROCESS (continued)

Budget versus actual statements for major funds are presented as part of the financial statements.

The following adjustment is necessary to reconcile the cash basis statement to the budget basis statement:

	Net Change in Fund Balance	
	General Fund	WIC Fund
Budget basis	\$ 1,394,730	\$ 35,432
Adjustment for encumbrances	77,538	284
Cash basis, as reported	\$ 1,472,268	\$ 35,716

NOTE 3 - CASH BALANCES

The Health District's cash pool, used by all funds, is deposited with the Lorain County Treasurer. The cash pool is commingled with Lorain County's cash and investment pool and is not identifiable as to demand deposits or investments. The carrying amount of cash on deposit with the Lorain County Treasurer at December 31, 2010 was \$ 6,231,615.

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Health. The Ohio Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State of Ohio, and are reflected in the accompanying financial statements as intergovernmental receipts. Tax payments are due to Lorain County by December 31. If the property owner elects to make semi-annual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Health District.

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

Real property	\$ 3,743,413,629
Public utility property	73,271,580
Tangible personal property	3,521,163
	\$ 3,820,206,372

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

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 – DEFINED BENEFIT PENSION PLAN

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan.

The Member-Directed Plan—a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

The Combined Plan—a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The 2010 member contribution rates were 10.0% for members in classifications other than law enforcement and public safety. For local government employer units, the rate was 14.0% of covered payroll.

The District's contributions for pension obligations to the traditional, combined, and member directed plans for the year ended December 31, 2010, December 31, 2009, and December 31, 2008 were \$ 314,865, \$ 255,873, and \$ 247,183, respectively. 92.8% has been contributed for 2010, with the remaining 7.2% to be paid in January 2011. The full amount has been contributed for 2009 and 2008.

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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 qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employer units contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The District's contributions for post-employment benefits for the year ended December 31, 2010, December 31, 2009, and December 31, 2008 were \$ 203,773, \$ 255,873, and \$ 247,184, respectively. 92.8% has been contributed for 2010, with the remaining 7.2%, to be paid in January 2011. The full amount has been contributed for 2009 and 2008.

On September 9, 2004, OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 7 - RISK MANAGEMENT

The Health District has obtained commercial insurance for comprehensive property and general liability, vehicles, and errors and omissions. Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in coverage from prior years. The Health District provides health, prescription, dental and vision insurance coverage through commercial insurance coverage.

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers consisted of:

	Transfer from:
	<u>WIC Fund</u>
Transfer to:	
WIC Retirement Fund	<u>\$ 15,000</u>

The interfund transfer was made to fund leave benefits earned in 2010 that will be paid in future years.

NOTE 9 - CONTINGENT LIABILITIES

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

LORAIN COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor / Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Disbursements
<u>U.S. Department of Agriculture</u>			
Passed through the Ohio Department of Health			
Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	04710011WA0310/ 04710011WA0411	\$ 754,097
Total U.S. Department of Agriculture			<u>754,097</u>
 <u>U.S. Department of Health and Human Services</u>			
Passed through the Ohio Department of Health			
Immunization Action Plan	93.268	04710012IM0310	115,045
Centers for Disease Control and Prevention - Public Health Emergency Preparedness	93.069	04710012PH0110/PH0211	197,013
Public Health Emergency Response	93.069H1N1	04710012PH0110/PH0211	166,516
Public Health Emergency Response Clinic	93.069H1N1	04710012PH0110/PH0211	547,011
Cardiovascular Health	93.991	04710014CC0110	123,817
Total U.S. Department of Health and Human Services			<u>1,149,402</u>
 <u>U.S. Department of Transportation</u>			
Passed through the Office of the Governor's Highway Safety Representative			
Traffic Safety Grant	20.600	SC-2010-47-00-00-00374-03/ SC-2011-47-00-00-00390-01	45,195
Total U.S. Department of Transportation			<u>45,195</u>
Total Federal Awards Expenditures			<u>\$ 1,948,694</u>

See accompanying notes to the schedule of federal awards expenditures.

LORAIN COUNTY GENERAL HEALTH DISTRICT
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

CFDA – Catalog of Federal Domestic Assistance



Dave Yost • Auditor of State

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

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

To the Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lorain County General Health District, Lorain County, (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 3, 2011.

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

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

Dave Yost
Auditor of State

June 3, 2011



Dave Yost • Auditor of State

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

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

To the Board of Health:

Compliance

We have audited the compliance of the Lorain County General Health District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Lorain County General Health District's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Lorain County General Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.auditor.state.oh.us

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

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

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

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

Dave Yost
Auditor of State

June 3, 2011

**LORAIN COUNTY GENERAL HEALTH DISTRICT
LORAIN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Public Health Emergency Preparedness and Response, CFDA #93.069
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

LORAIN COUNTY GENERAL HEALTH DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 28, 2011