

**LORAIN COUNTY GENERAL HEALTH DISTRICT  
LORAIN COUNTY  
Single Audit  
For the Year Ended December 31, 2012**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Lorain County General Health District, Lorain County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lorain County General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 26, 2013

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**LORAIN COUNTY GENERAL HEALTH DISTRICT  
LORAIN COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.  
[www.perrycpas.com](http://www.perrycpas.com)

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

**INDEPENDENT AUDITOR'S REPORT**

June 14, 2013

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

To the Board of Health:

***Report on the Financial Statements***

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, 2012 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

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, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General and WIC Funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

*Change in Accounting Principles*

As described in Note 3, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. The Combining Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances provides additional analysis. The Schedule of Federal Awards Expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and schedules provide additional analysis and are not a required part of the basic financial statements.

These tables and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

(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, 2012, within the limitations of the District's cash basis of 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 2012 are as follows:**

Net position of governmental activities increased \$ 902,913 or 12.6 percent during 2012.

The largest source of District revenue was from voted property tax receipts. These receipts represented 45.0 percent of total revenue. Grants, entitlements and contributions provided the second largest source of revenue, representing 14.2 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 Position – Cash Basis and the Statement of Activities – Cash Basis 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, 2012

(UNAUDITED)

**Reporting the Health District as a Whole**

The Statement of Net Position – Cash Basis and The Statement of Activities – Cash Basis reflect how the District did financially during 2012. The Statement of Net Position – Cash Basis presents the cash balances of the governmental type activities of the District at year-end. The Statement of Activities – Cash Basis 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, 2012

(UNAUDITED)

**The District as a Whole**

Table 1 provides a summary of the District's net position for 2012 compared to 2011 on a cash basis:

**TABLE 1**  
Net Assets

	Governmental 2012	Activities 2011
Assets		
Equity in pooled cash	\$ 8,068,235	\$ 7,165,322
Total assets	<u>8,068,235</u>	<u>7,165,322</u>
Net position		
Restricted	391,102	417,708
Unrestricted	<u>7,677,133</u>	<u>6,747,614</u>
Total net position	<u>\$ 8,068,235</u>	<u>\$ 7,165,322</u>

As mentioned previously, the net position of Governmental activities increased \$ 902,913 during 2012. The increase was primarily associated with the General Fund, which increased by \$ 929,519.

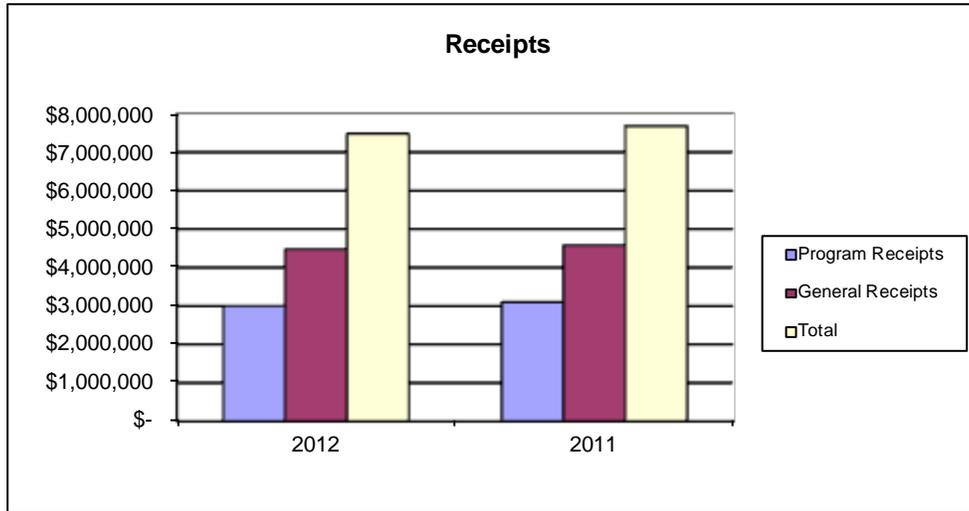
Table 2 reflects the changes in net position in 2012 compared to 2011 on a cash basis.

**Table 2**  
Change in Net Position

	Governmental Activities 2012	Governmental Activities 2011
Receipts		
Program receipts		
Charges for services and sales	\$ 1,632,698	\$ 1,479,975
Operating grants and contributions	<u>1,372,917</u>	<u>1,618,256</u>
Total program receipts	<u>3,005,615</u>	<u>3,098,231</u>
General receipts		
Property and other local taxes	3,368,401	3,391,305
Grants and entitlements	1,060,104	845,766
Miscellaneous	<u>50,609</u>	<u>342,415</u>
Total general receipts	<u>4,479,114</u>	<u>4,579,486</u>
Total receipts	<u>7,484,729</u>	<u>7,677,717</u>
Disbursements		
Public health services	<u>6,581,816</u>	<u>6,744,010</u>
Excess of receipts over disbursements	902,913	933,707
Net position, beginning of year	<u>7,165,322</u>	<u>6,231,615</u>
Net position, end of year	<u>\$ 8,068,235</u>	<u>\$ 7,165,322</u>

LORAIN COUNTY GENERAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

(UNAUDITED)



Program receipts in 2012 represent 40.2 percent of total receipts as compared to 40.4 percent in 2011. These receipts are primarily comprised of fees received for home health services, immunizations, inspections, food service licenses and restricted intergovernmental receipts.

General receipts represent 59.8 percent of the District's total receipts, and of this amount, 75.2 percent are local taxes.

**Governmental Activities**

If one looks at the Statement of Activities – Cash Basis, 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 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	\$ 6,581,816	\$ 3,005,615	\$ 3,576,201

Property taxes and other general receipts support 68.1 percent of the governmental activities.

**The District's Funds**

Total Governmental funds had receipts of \$ 7,484,729 and disbursements of \$ 6,581,816. The greatest change within Governmental funds occurred within the General Fund. The General Fund balance increased by \$ 929,519 in 2012, as compared to an increased by \$ 987,404 in 2011.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

(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 2012, 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.

Final budgeted receipts were \$ 348,673 higher than originally budgeted. Actual receipts were greater than final budget receipts by \$ 38,527. The final disbursements budget was \$ 183,574 higher than originally budgeted, while actual disbursements were \$ 921,304 less than final appropriations.

**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 District has gone through many changes in 2012. Staff turnover was at an all-time high with nine retirements, mostly due to the changes in the PERS law in Ohio. This has led to hiring and training of new staff members and some restructuring. Some savings have been realized based on replacement of staff at a lower salary than the staff they replaced.

Current grant dollars in areas such as emergency preparedness have been reducing over recent years. However, public health preparedness remains a necessity. This may lead to a need for public dollars to supplement current funding in the short term. The District has begun to reorganize to prepare for this possible shortfall.

The District has been located in the current building for many years and is anticipating the need for updating offices over the next few years. The space is tightening in terms of staff and for the many programs offered by the District. A conservative approach to upgrading these facilities will allow the District to spread the cost over time and avoid any large one-time expenses.

2013 is the first year of the 1 mil, 5 year Public Health Levy. The renewal levy was passed on March 6, 2012 which will provide sustainable core income for the subsequent 5 years. In spite of the local economy, the District has continued to experience positive financial status. Declines in tax collections and economic influences on income have been offset by staff attrition and the use of conservative expenditures management.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

(UNAUDITED)

In early 2013 the District will complete the final prerequisite necessary to apply for Public Health Accreditation. The application process will occur later in 2013, however, it will take the remainder of 2013 and 2014 until the process of attaining accreditation will be complete. Public Health Accreditation will position the District to compete for grant dollars that may not be available to those departments that are not accredited and to better respond to current funders. The opportunity for future funding should prove to be worth the extra effort that the District has been conducting and will conduct over the next year.

**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 the Health Commissioner 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 POSITION – CASH BASIS  
 DECEMBER 31, 2012

	Governmental Activities
Assets	
Equity in pooled cash	\$ 8,068,235
Total assets	8,068,235
Net position	
Restricted	391,102
Unrestricted	7,677,133
Total net position	\$ 8,068,235

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<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>
		<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental activities				
Public health services	\$ 6,581,816	\$ 1,632,698	\$ 1,372,917	\$ (3,576,201)
General receipts				
Property taxes levied for:				
General purposes				3,368,401
Grants and entitlements not restricted to specific purposes				1,060,104
Miscellaneous				<u>50,609</u>
Total general receipts				<u>4,479,114</u>
Change in net assets				902,913
Net position at beginning of year				<u>7,165,322</u>
Net position at end of year				<u>\$ 8,068,235</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, 2012

	General Fund	WIC Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Assets				
Equity in pooled cash	\$ 7,677,133	\$ 9,055	\$ 382,047	\$ 8,068,235
Total assets	<u>7,677,133</u>	<u>9,055</u>	<u>382,047</u>	<u>8,068,235</u>
Fund balances				
Restricted	-	9,055	382,047	391,102
Assigned	155,110	-	-	155,110
Unassigned	7,522,023	-	-	7,522,023
Total fund balances	<u>\$ 7,677,133</u>	<u>\$ 9,055</u>	<u>\$ 382,047</u>	<u>\$ 8,068,235</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, 2012

	General Fund	WIC Fund	Other Governmental Funds	Totals Governmental Funds
Receipts				
Taxes	\$ 3,368,401	\$ -	\$ -	\$ 3,368,401
Intergovernmental				
Federal	-	773,322	525,193	1,298,515
State and local	1,070,709	-	75,766	1,146,475
Charges for services				
Home health services	67,550	-	-	67,550
Immunizations	142,642	-	-	142,642
Inspection fees	50,717	-	-	50,717
Contractual services	537,310	-	-	537,310
Licenses	61,716	-	344,043	405,759
Miscellaneous				
Other receipts	7,532	-	84,514	92,046
Other fees	268,108	-	-	268,108
Refunds	105,494	1,712	-	107,206
Total receipts	<u>5,680,179</u>	<u>775,034</u>	<u>1,029,516</u>	<u>7,484,729</u>
Disbursements				
Salaries and benefits	3,676,505	822,780	737,852	5,237,137
Travel	65,242	9,142	13,025	87,409
Office supplies	55,632	5,116	5,890	66,638
Medical supplies	112,525	1,499	-	114,024
Equipment	69,697	-	1,181	70,878
Contracts - repair/service	236,112	-	109,765	345,877
Distribution to state	165,350	-	71,789	237,139
Other expenditures	369,597	21,766	31,351	422,714
Total disbursements	<u>4,750,660</u>	<u>860,303</u>	<u>970,853</u>	<u>6,581,816</u>
Excess receipts over (under) disbursements	<u>929,519</u>	<u>(85,269)</u>	<u>58,663</u>	<u>902,913</u>
Other financing sources (uses)				
Transfers in	-	-	9,178	9,178
Transfers out	-	(9,178)	-	(9,178)
Advances in	175,000	100,000	75,000	350,000
Advances out	(175,000)	(100,000)	(75,000)	(350,000)
Total other financing sources (uses)	<u>-</u>	<u>(9,178)</u>	<u>9,178</u>	<u>-</u>
Net change in fund balances	929,519	(94,447)	67,841	902,913
Fund balance, beginning of year	<u>6,747,614</u>	<u>103,502</u>	<u>314,206</u>	<u>7,165,322</u>
Fund balance, end of year	<u>\$ 7,677,133</u>	<u>\$ 9,055</u>	<u>\$ 382,047</u>	<u>\$ 8,068,235</u>

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS) – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Receipts				
Taxes	\$ 3,704,303	\$ 3,844,576	\$ 3,368,401	\$ (476,175)
Intergovernmental				
State and local	558,116	574,516	1,070,709	496,193
Charges for services				
Home health services	47,000	67,000	67,550	550
Immunizations	200,000	135,000	142,642	7,642
Inspection fees	55,000	51,000	50,717	(283)
Contractual services	250,060	500,060	537,310	37,250
Licenses	70,000	67,000	61,716	(5,284)
Miscellaneous				
Other receipts	8,500	7,500	7,532	32
Other fees	280,000	280,000	268,108	(11,892)
Refunds	120,000	115,000	105,494	(9,506)
Total receipts	<u>5,292,979</u>	<u>5,641,652</u>	<u>5,680,179</u>	<u>38,527</u>
Disbursements				
Salaries and benefits	4,190,000	4,121,896	3,728,609	393,287
Travel	85,000	84,205	67,269	16,936
Office supplies	70,000	71,479	55,632	15,847
Medical supplies	198,000	157,077	114,025	43,052
Equipment	176,000	172,647	72,875	99,772
Contracts - repair/service	292,000	463,191	277,375	185,816
Distribution to state	200,000	237,576	205,984	31,592
Other expenditures	432,500	519,003	384,001	135,002
Total disbursements	<u>5,643,500</u>	<u>5,827,074</u>	<u>4,905,770</u>	<u>921,304</u>
Excess receipts over (under) disbursements	<u>(350,521)</u>	<u>(185,422)</u>	<u>774,409</u>	<u>959,831</u>
Other financing sources (uses)				
Advances in	255,000	255,000	175,000	(80,000)
Advances out	<u>(255,000)</u>	<u>(255,000)</u>	<u>(175,000)</u>	<u>80,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(350,521)	(185,422)	774,409	959,831
Prior year encumbrances appropriated	243,573	243,573	243,573	-
Fund balance, beginning of year	<u>6,504,040</u>	<u>6,504,040</u>	<u>6,504,040</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,397,092</u>	<u>\$ 6,562,191</u>	<u>\$ 7,522,022</u>	<u>\$ 959,831</u>

See accompanying notes to the basic financial statements.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS) – WIC FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	WIC FUND			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Receipts				
Intergovernmental				
Federal	\$ 1,000,000	\$ 850,000	\$ 773,322	\$ (76,678)
Total receipts	<u>1,000,000</u>	<u>850,000</u>	<u>775,034</u>	<u>(74,966)</u>
Disbursements				
Salaries and benefits	911,000	874,850	831,214	43,636
Travel	10,000	10,500	9,142	1,358
Office supplies	10,000	5,500	5,116	384
Medical supplies	5,000	2,150	1,499	651
Equipment	1,000	-	-	-
Other expenditures	48,000	28,000	21,766	6,234
Total disbursements	<u>985,000</u>	<u>921,000</u>	<u>868,737</u>	<u>52,263</u>
Excess receipts over (under) disbursements	<u>15,000</u>	<u>(71,000)</u>	<u>(93,703)</u>	<u>(22,703)</u>
Other financing sources (uses)				
Advances in	100,000	100,000	100,000	-
Transfers out	(15,000)	(15,000)	(9,178)	5,822
Advances out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(9,178)</u>	<u>5,822</u>
Net change in fund balances	-	(86,000)	(102,881)	(16,881)
Prior year encumbrances appropriated	18,000	18,000	18,000	-
Fund balance, beginning of year	<u>85,502</u>	<u>85,502</u>	<u>85,502</u>	<u>-</u>
Fund balance, end of year	<u>\$ 103,502</u>	<u>\$ 17,502</u>	<u>\$ 621</u>	<u>\$ (16,881)</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, 2012

**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**

**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 Position 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 Position – Cash Basis and the Statement of Activities – Cash Basis display information about the District as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position – Cash Basis presents the cash balances of the governmental activities of the District at year-end. The Statement of Activities – Cash Basis 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.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION (continued)

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.

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.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 as 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.

J. NET POSITION

These statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use. The Statement of Net Position reports \$ 391,102 as restricted net position, 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.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. FUND BALANCE

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

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

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

LORAIN COUNTY GENERAL HEALTH DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the 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 District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the 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.

Budget versus actual statements for major funds are presented as part of the basic 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	\$ 774,409	\$ (102,881)
Adjustment for encumbrances	155,110	8,434
Cash basis, as reported	\$ 929,519	\$ (94,447)

LORAIN COUNTY GENERAL HEALTH DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2012, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. The implementation of GASB Statement No 63 did not have an effect on the financial statements of the District.

NOTE 4 – FUND BALANCES

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

Fund balances	General Fund	WIC Fund	Nonmajor Governmental Funds	Total
Restricted for:				
WIC	\$ -	\$ 9,055	\$ -	\$ 9,055
Food Service	-	-	119,693	119,693
Solid Waste Management	-	-	34,391	34,391
Construction, Demolition and Debris	-	-	107,683	107,683
Smoke Free Ohio	-	-	9,379	9,379
WIC Retirement	-	-	34,478	34,478
IAP Clinic	-	-	11,075	11,075
Traffic Safety	-	-	7,780	7,780
Creating Healthy Communities	-	-	167	167
Other Purposes	-	-	57,401	57,401
Total restricted	<u>-</u>	<u>9,055</u>	<u>382,047</u>	<u>391,102</u>
Assigned to				
Encumbrances	<u>155,110</u>	<u>-</u>	<u>-</u>	<u>155,110</u>
Total assigned	<u>155,110</u>	<u>-</u>	<u>-</u>	<u>155,110</u>
Unassigned	<u>7,522,023</u>	<u>-</u>	<u>-</u>	<u>7,522,023</u>
Total fund balances	<u>\$ 7,677,133</u>	<u>\$ 9,055</u>	<u>\$ 382,047</u>	<u>\$ 8,068,235</u>

LORAIN COUNTY GENERAL HEALTH DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 5 - CASH BALANCES

The 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, 2012 was \$ 8,068,235.

NOTE 6 - 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 District.

The full tax rate for all District operations for the year ended December 31, 2012, was \$ 1.00 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2012 property tax receipts were based are as follows:

Real property	\$ 3,794,598,580
Public utility property	<u>88,297,900</u>
	<u>\$ 3,882,896,480</u>

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

NOTE 7 - 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.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (continued)**

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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. The employee contribution rate for 2012 was 10.0% for employees. The 2012 employer contribution rate was 14.0% of covered payroll. The District's contributions to PERS for the years ended December 31, 2012, 2011 and 2010 were \$367,170; \$351,074; and \$314,865; respectively, 100% has been contributed for the above years, respectively.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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 Tradition 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-retirement health care coverage, age and service retirees under the Tradition Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by the retirement system 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.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 2012 employer contribution rate was 14.0% of covered payroll for employees. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for employees. Active members do not make contributions to the OPEB plan.

LORAIN COUNTY GENERAL HEALTH DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 8 - POSTEMPLOYMENT BENEFITS (continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). 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 4% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. The District's actual contributions for 2012 which were used to fund OPEB were \$146,858 for employees. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1% for both plans, as recommended by the OPERS Actuary. The OPERS Retirement Board is also authorized to establish rules for the retiree of their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Changes to the health care plan were adopted by the OPERS Retirement Board on September 19, 2012, with a transition commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 9 - RISK MANAGEMENT

The 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 District provides health, prescription, dental and vision insurance coverage through commercial insurance coverage.

NOTE 10 - 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.

NOTE 11 - INTERFUND TRANSFERS

Interfund transfers consisted of:

	Transfer from:
	WIC Fund
Transfer to:	
WIC Retirement Fund	\$ 9,178

The interfund transfer was made to fund leave benefits earned in 2012 that will be paid in future years.

SUPPLEMENTARY INFORMATION

LORAIN COUNTY GENERAL HEALTH DISTRICT  
 COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
 CASH BASIS FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Food Service	Solid Waste Mgt.	Car Seat Program	Construction Demolition and Debris	Smoke Free Ohio
<b>Receipts</b>					
Intergovernmental					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 11,969
State and local	-	75,766	-	-	-
Charges for services					
Licenses	344,043	-	-	-	-
Miscellaneous					
Other receipts	-	-	6,739	77,775	-
Total receipts	<u>344,043</u>	<u>75,766</u>	<u>6,739</u>	<u>77,775</u>	<u>11,969</u>
<b>Disbursements</b>					
Salaries and benefits	310,234	56,032	-	-	16,336
Travel	11,103	-	-	-	-
Office supplies	2,309	-	-	-	-
Equipment	-	-	-	-	-
Contracts - repair/service	-	-	-	-	-
Distribution to state	18,812	-	-	52,977	-
Other expenditures	1,300	-	4,683	-	468
Total disbursements	<u>343,758</u>	<u>56,032</u>	<u>4,683</u>	<u>52,977</u>	<u>16,804</u>
Excess receipts over/(under) disbursements	<u>285</u>	<u>19,734</u>	<u>2,056</u>	<u>24,798</u>	<u>(4,835)</u>
<b>Other financing sources (uses)</b>					
Advances in	-	-	-	-	-
Advances out	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	285	19,734	2,056	24,798	(4,835)
Cash balance, beginning	<u>119,408</u>	<u>14,657</u>	<u>2,966</u>	<u>82,885</u>	<u>14,214</u>
Cash balance, ending	<u>\$ 119,693</u>	<u>\$ 34,391</u>	<u>\$ 5,022</u>	<u>\$ 107,683</u>	<u>\$ 9,379</u>

<u>WIC Retirement</u>	<u>IAP Clinic</u>	<u>Health District Infrastructure</u>	<u>Traffic Safety</u>	<u>Creating Healthy Communities</u>	<u>Black River Project</u>	<u>Totals (Memo. Only)</u>
\$ -	\$ 73,700	\$ 258,708	\$ 52,771	\$ 119,000	\$ 9,045	\$ 525,193
-	-	-	-	-	-	75,766
-	-	-	-	-	-	344,043
-	-	-	-	-	-	84,514
<u>-</u>	<u>73,700</u>	<u>258,708</u>	<u>52,771</u>	<u>119,000</u>	<u>9,045</u>	<u>1,029,516</u>
-	65,033	111,630	53,779	118,701	6,107	737,852
-	-	1,922	-	-	-	13,025
-	1,923	-	629	-	1,029	5,890
-	-	1,181	-	-	-	1,181
-	-	102,640	-	7,125	-	109,765
-	-	-	-	-	-	71,789
-	6,614	571	11,672	5,759	284	31,351
<u>-</u>	<u>73,570</u>	<u>217,944</u>	<u>66,080</u>	<u>131,585</u>	<u>7,420</u>	<u>970,853</u>
-	130	40,764	(13,309)	(12,585)	1,625	58,663
-	25,000	25,000	-	25,000	-	75,000
-	(25,000)	(25,000)	-	(25,000)	-	(75,000)
9,178	-	-	-	-	-	9,178
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,178	-	-	-	-	-	9,178
9,178	130	40,764	(13,309)	(12,585)	1,625	67,841
25,300	10,945	9,990	21,089	12,752	-	314,206
<u>\$ 34,478</u>	<u>\$ 11,075</u>	<u>\$ 50,754</u>	<u>\$ 7,780</u>	<u>\$ 167</u>	<u>\$ 1,625</u>	<u>\$ 382,047</u>

LORAIN COUNTY GENERAL HEALTH DISTRICT  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Disbursements</u>
<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	04710011WA0512 04710011WA0613	<u>\$ 860,303</u>
Total U.S. Department of Agriculture			<u>860,303</u>
 <u>U.S. Department of Health and Human Services</u>			
Passed through the Ohio Department of Health			
Immunization Action Plan	93.268	04710012IM0512	73,570
Centers for Disease Control and Prevention - Public Health Emergency Preparedness	93.069	04710012PH0312 / PH0413	217,944
Cardiovascular Health	93.991	04710014CC0312	<u>131,585</u>
Total U.S. Department of Health and Human Services			<u>423,099</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-2012-47-00-00-00-368-00 SC-2013-47-00-00-00-414-00	<u>66,080</u>
Total U.S. Department of Transportation			<u>66,080</u>
Total Federal Awards Expenditures			<u><u>\$ 1,349,482</u></u>

See accompanying note 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, 2012

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

CFDA – Catalog of Federal Domestic Assistance

***Perry & Associates***  
Certified Public Accountants, A.C.

[www.perrycpas.com](http://www.perrycpas.com)

MARIETTA

428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

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

June 14, 2013

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

To the Board of Health:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 14, 2013, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles and has adopted Governmental Accounting Standards Board Statement No. 63.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

**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, opining 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 a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 14, 2013.

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

June 14, 2013

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

To the Board of Health:

***Report on Compliance for Each Major Federal Program***

We have audited the **Lorain County General Health District's** (the District) compliance with the applicable 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, 2012. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the District's major federal program.

***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Lorain County General Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**LORAIN COUNTY GENERAL HEALTH DISTRICT  
LORAIN COUNTY**

**Schedule of Audit Findings  
OMB Circular A -133 § .505  
For the Year Ended December 31, 2012**

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

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



# 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  
SEPTEMBER 5, 2013**