



**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To Members of the Board:

We have audited the accompanying financial statements of the Lake County General Health District, Lake County, Ohio, (the District) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Lake County General Health District, Lake County, Ohio, as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 20, 2003

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Subdivisions	\$1,666,943	\$0	\$1,666,943
Permits	167,644	18,805	186,449
Licenses	0	390,951	390,951
Fees	16,442	162,762	179,204
Contractual services	0	536,321	536,321
Miscellaneous	16,714	121,911	138,625
Intergovernmental	75,444	1,282,750	1,358,194
Refunds and Reimbursements	4,933	450	5,383
County Subsidy	0	11,500	11,500
Employee Hospitalization Deductions	47,320	0	47,320
Total Cash Receipts	<u>1,995,440</u>	<u>2,525,450</u>	<u>4,520,890</u>
Cash Disbursements:			
Remittances to State	0	144,339	144,339
Salaries	1,195,401	1,360,875	2,556,276
Public employee's retirement	150,217	167,801	318,018
Worker's compensation	11,051	12,509	23,560
Medicare	10,286	17,342	27,628
Equipment	46,852	12,614	59,466
Other Expenses	498,867	820,479	1,319,346
Unemployment Compensation	3,024	0	3,024
Total Disbursements	<u>1,915,698</u>	<u>2,535,959</u>	<u>4,451,657</u>
Total Receipts Over/(Under) Disbursements	<u>79,742</u>	<u>(10,509)</u>	<u>69,233</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	595,237	595,237
Transfers-Out	0	(595,237)	(595,237)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	79,742	(10,509)	69,233
Fund Cash Balances, January 1, 2002	<u>625,010</u>	<u>1,198,457</u>	<u>1,823,467</u>
Fund Cash Balances, December 31, 2002	<u><u>\$704,752</u></u>	<u><u>\$1,187,948</u></u>	<u><u>\$1,892,700</u></u>

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

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**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lake County General Health District, Lake County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District provides public health services for the prevention or restriction of disease. In addition to the required programs, the District adopts regulations and provides programs to enable residents of the District to live in a healthy and environmentally safe community. The District is directed by an appointed fourteen member Board of Trustees. With the exception of the City of Mentor, each contracting city has one Board representative. As a result of their population, the City of Mentor has two representatives. The General Health District (township and villages) has four representatives on the Board. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by the Ohio Revised Code, the Lake County Auditor is the fiscal agent of the District. The District's cash is held and invested by the Lake County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

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

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Women, Infants and Children (WIC) Fund - This is a federal grant fund used to account for the Special Supplemental Nutrition Program.

Home Care Fund – This fund receives revenues for home health nursing services provided to County residents.

Public Health Fund – This fund receives a large portion of the District's federal and state grant monies and then transfers monies to respective special revenue funds.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission also approves estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. During 2001, encumbrances outstanding at year end were carried over, and did not need to be reappropriated. Beginning in 2002, encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,828,738	\$1,995,440	(\$833,298)
Special Revenue	4,521,418	3,120,687	(1,400,731)
Total	\$7,350,156	\$5,116,127	(\$2,234,029)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,246,887	\$1,915,698	\$331,189
Special Revenue	3,504,590	3,131,196	373,394
Total	\$5,751,477	\$5,046,894	\$704,583

3. SUBDIVISION REVENUE

The Cities, Villages, and Townships that receive services from the District contribute to the operations of the District. The County Auditor assesses each subdivision their share of the operating cost, which is calculated by the District, through property tax collections. When the County Auditor disburses property tax to the subdivision, the appropriate deduction is made on the subdivision settlement and transmitted to the District.

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2002. The District has paid all contributions required through December 31, 2002.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Real property;
- Building contents; and
- Vehicles.

The District provides health, dental and vision insurance to full-time employees through a private carrier.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2002**

Federal Grantor/ Pass-Through Grantor/ Program Title	Project/Grant Number	CFDA Number	Receipts	Disbursements
U.S. Department of Agriculture				
<i>Passed Through the Ohio Department of Health</i>				
Special Supplement Nutrition Program for Women, Infants, and Children (WIC)	43-1-001-1-CL-02	10.557	\$310,049	\$272,176
Special Supplement Nutrition Program for Women, Infants, and Children (WIC)	43-1-001-1-CL-03	10.557	53,242	92,709
Total Department of Agriculture			<u>363,291</u>	<u>364,885</u>
U.S. Department of Health & Human Services				
<i>Passed Through the Ohio Department of Health</i>				
Immunization Grants	43-1-001-2-AZ-02	93.268	28,447	25,024
Total Immunization Grants			<u>28,447</u>	<u>25,024</u>
Public Health Infrastructure	43-1-001-2-B1-03	93.283	85,430	10,990
Total Public Health Infrastructure			<u>85,430</u>	<u>10,990</u>
Preventative Health and Health Services Block Grant	43-1-001-2-ED-02	93.991	49,548	46,843
Total Preventative Health and Health Services Block Grant			<u>49,548</u>	<u>46,843</u>
<i>Passed Through Cuyahoga County Commissioners Office</i>				
HIV Emergency Relief Projects Grant	N/A	93.914	8,666	5,618
HIV Emergency Relief Projects Grant	N/A	93.914	9,373	27,040
Total HIV Emergency Relief Projects Grant			<u>18,039</u>	<u>32,658</u>
Total Department of Health & Human Services			<u>181,464</u>	<u>115,515</u>
U.S. Department of Environmental Protection Agency				
<i>Passed Through the Ohio Environmental Protection Agency</i>				
Air Pollution Control Program Support - FY 02	N/A	66.001	118,034	79,215
Air Pollution Control Program Support - FY 03	N/A	66.001	3,855	23,622
Total Environment Protection Agency			<u>121,889</u>	<u>102,837</u>
U.S. Department of Transportation				
<i>Passed Through the Ohio Department of Public Safety</i>				
State and Community Highway Safety - FY 02	2002-SA-N/1	20.600	14,524	24,322
State and Community Highway Safety - FY 03	2003-SA-N/1	20.600	0	1,562
Total Department of Transportation			<u>14,524</u>	<u>25,884</u>
Total Federal Assistance			<u><u>\$681,168</u></u>	<u><u>\$609,121</u></u>

Notes to the Schedule of Federal Awards Expenditures

CFDA - Catalog of Federal Domestic Assistance

This schedule is prepared on the cash basis of accounting.

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**Auditor of State
Betty Montgomery**

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

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

To Members of the Board:

We have audited the financial statements of the Lake County General Health District, Lake County, Ohio, (the District) as of and for the year ended December 31, 2002, and have issued our report thereon dated February 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 20, 2003.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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Betty Montgomery
Auditor of State

February 20, 2003



Auditor of State Betty Montgomery

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

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

Compliance

We have audited the compliance of the Lake County General Health District, Lake County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 20, 2003

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2002**

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



**Auditor of State
Betty Montgomery**

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LAKE COUNTY GENERAL HEALTH DISTRICT

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 18, 2003**