



Dave Yost • Auditor of State

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Erie County General Health District
Erie County
420 Superior Street
Sandusky, Ohio 44870-1815

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Erie County General Health District, Erie County, Ohio (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Erie County General Health District, Erie County, Ohio, as of December 31, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Women, Infants, and Children, Clinical Patient Services, Institutional Nursing Contracts, and Environmental Health Program funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

September 19, 2012

**ERIE COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

The discussion and analysis of the Erie County General Health District's financial performance provides an overview of the Health District's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole.

HIGHLIGHTS

Highlights for 2011 are as follows:

Net assets increased 3 percent from the prior year.

Approximately 62 percent of the services provided by the Health District are paid for through charges for the services provided (38 percent), with the remaining 24 percent being paid primarily through Medicare and/or Medicaid reimbursements and grants. The remainder of the Health District's revenues is made up of property tax levies and tax related reimbursements (homestead and rollback) and State provided resources (operating subsidy).

USING THIS ANNUAL REPORT

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

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

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

REPORTING THE HEALTH DISTRICT AS A WHOLE

The statement of net assets and the statement of activities reflect how the Health District did financially during 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

REPORTING THE HEALTH DISTRICT'S MOST SIGNIFICANT FUNDS

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Health District's net assets for 2011 and 2010.

Table 1 Net Assets			
	Governmental Activities		
	2011	2010	Change
<u>Assets</u>			
Current and Other Assets	\$4,597,190	\$4,481,986	\$115,204
Capital Assets, Net	84,879	94,448	(9,569)
Total Assets	<u>4,682,069</u>	<u>4,576,434</u>	<u>105,635</u>
<u>Liabilities</u>			
Current and Other Liabilities	2,285,316	2,252,513	(32,803)
Long-Term Liabilities	304,020	290,277	(13,743)
Total Liabilities	<u>2,589,336</u>	<u>2,542,790</u>	<u>(46,546)</u>

(continued)

**ERIE COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Table 1
Net Assets

	Governmental Activities		
	2011	2010	Change
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$84,879	\$93,131	(\$8,252)
Restricted	1,046	1,012	34
Unrestricted	2,006,808	1,939,501	67,307
Total Net Assets	\$2,092,733	\$2,033,644	\$59,089

A review of the above table reflects a 3 percent increase in overall net assets and very modest changes from the prior year with no items of significance to report.

Table 2 reflects the change in net assets for 2011 and 2010.

Table 2
Change in Net Assets

	Governmental Activities		
	2011	2010	Change
<u>Revenues</u>			
<u>Program Revenues</u>			
Charges for Services	\$2,291,179	\$2,279,774	\$11,405
Operating Grants and Contributions	1,459,525	1,390,323	69,202
Total Program Revenues	3,750,704	3,670,097	80,607
<u>General Revenues</u>			
Property Taxes Levied for General Purposes	1,823,935	1,882,996	(59,061)
Grants and Entitlements not Restricted to Specific Programs	431,833	518,067	(86,234)
Other	30,442	22,197	8,245
Total General Revenues	2,286,210	2,423,260	(137,050)
Total Revenues	6,036,914	6,093,357	(56,443)
<u>Program Expenses</u>			
General Health	4,143,364	4,213,370	70,006
Health Clinic	1,834,245	1,694,015	(140,230)
Interest and Fiscal Charges	216	771	555
Total Expenses	5,977,825	5,908,156	(69,669)
Increase in Net Assets	59,089	185,201	(126,112)
Net Assets Beginning of Year	2,033,644	1,848,443	185,201
Net Assets End of Year	\$2,092,733	\$2,033,644	\$59,089

**ERIE COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

As mentioned previously, approximately 62 percent (60 percent in prior year) of the services provided by the Health District are paid for through charges for the services provided and through Medicare and/or Medicaid reimbursements and grants. The remainder of the Health District's revenues is made up of property tax levies and tax related reimbursements (homestead and rollback) and State provided resources (operating subsidy). The overall change in revenues from the prior year was less than 1 percent.

Approximately 69 percent of the Health District's expenses are related to providing general health services which includes the women, infants, and children program, provision of nursing services, administration of vital statistics, AIDS programs, issuance of various licenses and permits, the 211 referral service, and numerous community and family health programs. The costs of these services remained very similar to those of the prior year. The remainder of the Health District's expenses account for the operations of the health clinic. Note there was an increase in these costs which will vary annually dependent on patients served.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
General Health	\$4,143,364	\$1,247,493	\$4,213,370	\$1,351,244
Health Clinic	1,834,245	979,412	1,694,015	886,044
Interest and Fiscal Charges	216	216	771	771
	<u>\$5,977,825</u>	<u>\$2,227,121</u>	<u>\$5,908,156</u>	<u>\$2,238,059</u>

As identified above, 70 percent of the costs of providing general health services are paid for with program revenues; by charges for the services provided to clients (patients) and through reimbursements from Medicare/Medicaid as well as through various grants. Over 46 percent of the services provided through the health clinic are paid for in a similar manner. Resources received through property tax levies (general revenue) generally make up the balance of the costs for services provided.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

The General Fund experienced a 6 percent increase in fund balance from the prior year. Although revenues remained fairly similar to the prior year and expenditures increased 7 percent, revenues continued to be more than sufficient to cover expenditures.

The Women, Infants, and Children; Clinical Patient Services; and Environmental Health Programs funds all had deficit fund balances at the end of 2010 and 2011. These deficits are the result accruals for various liabilities. The Health District transfers resources to these funds at year end to account for expenditures made in excess of current year revenues (to bring the cash balance to zero); however, does

**ERIE COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

not account the accruals for liabilities. The General Fund provides transfer to cover deficit balances when cash is needed rather than when accruals occur.

The Institutional Nursing Contracts fund reflected a positive fund balance at the end of the year due to an increase in charges for services for the year and the receipt of Medicaid resources.

BUDGETARY HIGHLIGHTS

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

The Health District's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. The same can be said for expenditures, with the exception of transfers which were not budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Health District's investment in capital assets as of December 31, 2011, was \$84,879 (net of accumulated depreciation). For further information regarding the Health District's capital assets, refer to Note 7 to the basic financial statements.

Debt - At December 31, 2011, the Health District had a liability for compensated absences (future severance payments). For further information regarding the Health District's long-term obligations, refer to Note 12 to the basic financial statements.

CURRENT ISSUES

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

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

The establishment of the ECCHC has resulted in primary care and delivery to our citizenry. With this delivery comes a Patient Centered Medical Home (PCMH) model, a care referral system of care, and an assurance to our community that a vast array of services can be coordinated and obtained in a timely manner. The PCHH model is time consuming and requires additional resources to establish but the end result shall be a more efficient healthcare process and reimbursement.

The successful renewal of a .2 mill five (5) year levy in 2011 will result in approximately \$442,000 in annual tax revenue. These dollars, combined with our other levies (.3 and .5 mills) ensures the ECHD and the ECCHC will function and operate our programs and services on a somewhat stable revenue source as our next levy (.3 mills) is not presented to the voters until November 2013.

The phase out of the tangible personal property tax will continue to decrease our General Fund revenue as we continue to fund resources and search for new alternatives.

**ERIE COUNTY GENERAL HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

The Erie County General Health District has continued the attainment of various short-term grants. Most federal pass-through and state grants have decreased funding in recent years and is a trend we must prepare for.

Healthcare benefit costs continue to be volatile and are a primary concern. Being a member of the Erie County self insurance plan and being represented on its cost containment committee has allowed us to manage costs through plan design, options, and wellness activities.

The local economy plays a major role as it affects the volume of permits and licenses we issue for various programs from plumbing to food establishments. The local economy also impacts our potential health center and Womens, Infants and Children (WIC) clients and usage.

REQUEST FOR INFORMATION

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

**Erie County General Health District
Statement of Net Assets
December 31, 2011**

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,204,762
Accounts Receivable	21,569
Due from Other Governments	315,700
Prepaid Items	24,486
Materials and Supplies Inventory	6,435
Property Taxes Receivable	2,024,238
Depreciable Capital Assets, Net	84,879
 Total Assets	 4,682,069
<u>Liabilities</u>	
Accrued Wages Payable	165,564
Accounts Payable	81,562
Due to Other Governments	171,902
Deferred Revenue	1,866,288
Long-Term Liabilities	
Due Within One Year	94,426
Due in More Than One Year	209,594
 Total Liabilities	 2,589,336
<u>Net Assets</u>	
Invested in Capital Assets, Net of Related Debt	84,879
Restricted for Erie County 211	1,012
Restricted for Other Purposes	34
Unrestricted	2,006,808
 Total Net Assets	 \$2,092,733

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District
Statement of Activities
For the Year Ended December 31, 2011**

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Governmental Activities</u>				
General Health	\$4,143,364	\$1,604,515	\$1,291,356	(\$1,247,493)
Health Clinic	1,834,245	686,664	168,169	(979,412)
Interest and Fiscal Charges	216			(216)
Total Governmental Activities	<u>\$5,977,825</u>	<u>\$2,291,179</u>	<u>\$1,459,525</u>	<u>(2,227,121)</u>
<u>General Revenues</u>				
Property Taxes Levied for General Purposes				1,823,935
Grants and Entitlements not Restricted to Specific Programs				431,833
Other				30,442
Total General Revenues				2,286,210
Change in Net Assets				59,089
Net Assets Beginning of Year				2,033,644
Net Assets End of Year				\$2,092,733

See Accompanying Notes to the Basic Financial Statements

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**Erie County General Health District
Balance Sheet
Governmental Funds
December 31, 2011**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Clinical Patient Services</u>	<u>Institutional Nursing Contracts</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,203,750			
Accounts Receivable	40		\$18,868	
Due from Other Governments	138,148	\$22,614	35,272	\$48,298
Prepaid Items	24,486			
Materials and Supplies Inventory			6,435	
Property Taxes Receivable	<u>2,024,238</u>			
Total Assets	<u>\$4,390,662</u>	<u>\$22,614</u>	<u>\$60,575</u>	<u>\$48,298</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$5,623	\$26,336	\$41,617	\$27,047
Accounts Payable	2,923	297	34,678	4,650
Due to Other Governments	10,552	64,384	24,679	15,432
Deferred Revenue	<u>2,162,386</u>		<u>20,503</u>	
Total Liabilities	<u>2,181,484</u>	<u>91,017</u>	<u>121,477</u>	<u>47,129</u>
<u>Fund Balance</u>				
Nonspendable	24,486		6,435	
Restricted				
Committed				1,169
Unassigned (Deficit)	<u>2,184,692</u>	<u>(68,403)</u>	<u>(67,337)</u>	
Total Fund Balance (Deficit)	<u>2,209,178</u>	<u>(68,403)</u>	<u>(60,902)</u>	<u>1,169</u>
Total Liabilities and Fund Balance	<u>\$4,390,662</u>	<u>\$22,614</u>	<u>\$60,575</u>	<u>\$48,298</u>

See Accompanying Notes to the Basic Financial Statements

Environmental Health Programs	Other Governmental	Total Governmental Funds
	\$1,012	\$2,204,762
	2,661	21,569
\$42,804	28,564	315,700
		24,486
		6,435
		<u>2,024,238</u>
<u>\$42,804</u>	<u>\$32,237</u>	<u>\$4,597,190</u>
\$37,446	\$27,495	\$165,564
13,091	25,923	81,562
20,950	35,905	171,902
<u>29,620</u>	<u>18,518</u>	<u>2,231,027</u>
<u>101,107</u>	<u>107,841</u>	<u>2,650,055</u>
		30,921
	1,056	1,056
		1,169
<u>(58,303)</u>	<u>(76,660)</u>	<u>1,913,989</u>
<u>(58,303)</u>	<u>(75,604)</u>	<u>1,947,135</u>
<u>\$42,804</u>	<u>\$32,237</u>	<u>\$4,597,190</u>

**Erie County General Health District
Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
December 31, 2011**

Total Governmental Fund Balance		\$1,947,135
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		84,879
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Due from Other Governments	206,789	
Property Taxes Receivable	<u>157,950</u>	
		364,739
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds:		<u>(304,020)</u>
Net Assets of Governmental Activities		<u><u>\$2,092,733</u></u>

See Accompanying Notes to the Basic Financial Statements

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**Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2011**

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
Revenues				
Property Taxes	\$1,874,072			
Charges for Services			\$686,664	\$672,574
Fees, Licenses, and Permits				
Intergovernmental	518,452	\$672,195	166,341	51,504
Other	5,606	140	1,537	970
Total Revenues	2,398,130	672,335	854,542	725,048
Expenditures				
Current:				
General Health				
Salaries	147,970	452,987		558,929
Fringe Benefits	49,703	145,872		120,988
Travel and Transportation	13,347	5,412		7,215
Contractual Services	177,155	35,391		47,029
Materials and Supplies	36,265	6,953		1,119
Occupancy and Maintenance	27,262	32,533		6,836
Intergovernmental				
Capital Outlay	2,730	5,289		
Other	845	49,232		333
Health Clinic				
Salaries			749,530	
Fringe Benefits			298,415	
Travel and Transportation			22,832	
Contractual Services			457,605	
Materials and Supplies			203,289	
Occupancy and Maintenance			75,376	
Capital Outlay			6,765	
Other			15,760	
Debt Service:				
Principal Retirement	226	380	211	11
Interest and Fiscal Charges	38	61	35	2
Total Expenditures	455,541	734,110	1,829,818	742,462
Excess of Revenues Over (Under) Expenditures	1,942,589	(61,775)	(975,276)	(17,414)
Other Financing Sources (Uses)				
Transfers In		34,486	982,670	40,067
Transfers Out	(1,820,842)			
Total Other Financing Sources (Uses)	(1,820,842)	34,486	982,670	40,067
Changes in Fund Balance	121,747	(27,289)	7,394	22,653
Fund Balance (Deficit) Beginning of Year	2,087,431	(41,114)	(68,296)	(21,484)
Fund Balance (Deficit) End of Year	<u>\$2,209,178</u>	<u>(\$68,403)</u>	<u>(\$60,902)</u>	<u>\$1,169</u>

See Accompanying Notes to the Basic Financial Statements

Environmental Health Programs	Other Governmental	Total Governmental Funds
		\$1,874,072
\$224,260	\$43,204	1,626,702
474,389	190,088	664,477
50,008	415,966	1,874,466
	22,189	30,442
<u>748,657</u>	<u>671,447</u>	<u>6,070,159</u>
640,324	526,409	2,326,619
190,600	178,516	685,679
40,007	21,106	87,087
75,676	145,261	480,512
32,704	22,779	99,820
31,356	38,051	136,038
124,061	105,879	229,940
9,147		17,166
7,475	2,662	60,547
		749,530
		298,415
		22,832
		457,605
		203,289
		75,376
		6,765
		15,760
314	175	1,317
<u>51</u>	<u>29</u>	<u>216</u>
<u>1,151,715</u>	<u>1,040,867</u>	<u>5,954,513</u>
<u>(403,058)</u>	<u>(369,420)</u>	<u>115,646</u>
397,568	375,120	1,829,911
	(9,069)	(1,829,911)
<u>397,568</u>	<u>366,051</u>	
(5,490)	(3,369)	115,646
<u>(52,813)</u>	<u>(72,235)</u>	<u>1,831,489</u>
<u>(\$58,303)</u>	<u>(\$75,604)</u>	<u>\$1,947,135</u>

**Erie County General Health District
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2011**

Changes in Fund Balance - Total Governmental Funds \$115,646

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.

Capital Outlay - Depreciable Capital Assets	4,740	
Depreciation	<u>(12,629)</u>	(7,889)

The book value of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (1,680)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Property Taxes	(50,137)	
Intergovernmental	<u>16,892</u>	(33,245)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 1,317

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (15,060)

Change in Net Assets of Governmental Activities \$59,089

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$1,852,578	\$1,889,305	\$1,874,072	(\$15,233)
Intergovernmental	472,639	559,549	518,452	(41,097)
Other	50,000	11,700	5,566	(6,134)
Total Revenues	2,375,217	2,460,554	2,398,090	(62,464)
<u>Expenditures</u>				
Current:				
General Health				
Salaries	171,962	172,442	155,784	16,658
Fringe Benefits	58,330	58,399	50,618	7,781
Travel and Transportation	12,900	12,943	13,293	(350)
Contractual Services	135,150	136,062	169,471	(33,409)
Materials and Supplies	28,500	28,596	36,297	(7,701)
Occupancy and Maintenance	32,000	32,000	26,486	5,514
Capital Outlay	12,000	12,000	2,730	9,270
Other	1,120	1,120	845	275
Total Expenditures	451,962	453,562	455,524	(1,962)
Excess of Revenues Over Expenditures	1,923,255	2,006,992	1,942,566	(64,426)
<u>Other Financing Uses</u>				
Transfers Out			(1,820,842)	(1,820,842)
Changes in Fund Balance	1,923,255	2,006,992	121,724	(1,885,268)
Fund Balance Beginning of Year	2,082,026	2,082,026	2,082,026	
Fund Balance End of Year	<u>\$4,005,281</u>	<u>\$4,089,018</u>	<u>\$2,203,750</u>	<u>(\$1,885,268)</u>

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Women, Infants, and Children Fund
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$633,821	\$633,821	\$649,581	\$15,760
Other			140	140
Total Revenues	633,821	633,821	649,721	15,900
<u>Expenditures</u>				
Current:				
General Health				
Salaries	474,980	474,980	450,977	24,003
Fringe Benefits	152,918	152,991	144,129	8,862
Travel and Transportation	4,400	4,472	5,340	(868)
Contractual Services	31,000	31,389	35,992	(4,603)
Materials and Supplies	6,200	6,200	6,902	(702)
Occupancy and Maintenance	34,010	34,010	32,489	1,521
Capital Outlay			5,289	(5,289)
Other	180	180	3,089	(2,909)
Total Expenditures	703,688	704,222	684,207	20,015
Excess of Revenues Under Expenditures	(69,867)	(70,401)	(34,486)	35,915
<u>Other Financing Sources</u>				
Transfers In			34,486	34,486
Changes in Fund Balance	(69,867)	(70,401)		70,401
Fund Balance Beginning of Year				
Fund Balance (Deficit) End of Year	(\$69,867)	(\$70,401)		\$70,401

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Clinical Patient Services Fund
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services	\$803,500	\$750,700	\$690,820	(\$59,880)
Intergovernmental	174,253	178,086	157,317	(20,769)
Other		300	1,489	1,189
Total Revenues	977,753	929,086	849,626	(79,460)
<u>Expenditures</u>				
Current:				
Health Clinic				
Salaries	769,620	769,620	746,695	22,925
Fringe Benefits	320,842	320,842	295,810	25,032
Travel and Transportation	16,100	16,487	22,593	(6,106)
Contractual Services	403,480	422,189	457,901	(35,712)
Materials and Supplies	244,200	246,862	210,176	36,686
Occupancy and Maintenance	80,458	80,458	77,000	3,458
Capital Outlay	13,000	13,000	6,765	6,235
Other	15,620	15,992	15,356	636
Total Expenditures	1,863,320	1,885,450	1,832,296	53,154
Excess of Revenues Under Expenditures	(885,567)	(956,364)	(982,670)	(26,306)
<u>Other Financing Sources</u>				
Transfers In			982,670	982,670
Changes in Fund Balance	(885,567)	(956,364)		956,364
Fund Balance Beginning of Year				
Fund Balance (Deficit) End of Year	<u>(\$885,567)</u>	<u>(\$956,364)</u>	<u>982,670</u>	<u>\$956,364</u>

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Institutional Nursing Contracts Fund
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Charges for Services	\$665,000	\$665,000	\$643,222	(\$21,778)
Intergovernmental			51,504	51,504
Other			970	970
Total Revenues	665,000	665,000	695,696	30,696
<u>Expenditures</u>				
Current:				
General Health				
Salaries	632,029	632,029	558,248	73,781
Fringe Benefits	146,178	146,178	119,104	27,074
Travel and Transportation	6,100	6,379	6,706	(327)
Contractual Services	48,525	48,588	43,293	5,295
Materials and Supplies	500	500	1,119	(619)
Occupancy and Maintenance	7,334	7,334	7,021	313
Other	660	720	272	448
Total Expenditures	841,326	841,728	735,763	105,965
Excess of Revenues Under Expenditures	(176,326)	(176,728)	(40,067)	136,661
<u>Other Financing Sources</u>				
Transfers In			40,067	40,067
Changes in Fund Balance	(176,326)	(176,728)		176,728
Fund Balance Beginning of Year				
Fund Balance (Deficit) End of Year	(\$176,326)	(\$176,728)		\$176,728

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Environmental Health Programs Fund
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Charges for Services	\$194,565	\$189,650	\$213,728	\$24,078
Fees, Licenses, and Permits	480,440	498,650	479,101	(19,549)
Intergovernmental	37,500	40,000	47,356	7,356
Total Revenues	712,505	728,300	740,185	11,885
<u>Expenditures</u>				
Current:				
General Health				
Salaries	590,888	590,888	635,410	(44,522)
Fringe Benefits	184,102	184,102	188,736	(4,634)
Travel and Transportation	53,400	55,477	40,412	15,065
Contractual Services	37,110	37,872	65,580	(27,708)
Materials and Supplies	19,000	19,190	32,703	(13,513)
Occupancy and Maintenance	35,243	35,243	33,619	1,624
Intergovernmental	130,600	133,859	124,671	9,188
Capital Outlay	4,000	4,000	9,147	(5,147)
Other	240	240	7,475	(7,235)
Total Expenditures	1,054,583	1,060,871	1,137,753	(76,882)
Excess of Revenues Under Expenditures	(342,078)	(332,571)	(397,568)	(64,997)
<u>Other Financing Sources</u>				
Transfers In			397,568	397,568
Changes in Fund Balance	(342,078)	(332,571)		332,571
Fund Balance Beginning of Year				
Fund Balance (Deficit) End of Year	<u>(\$342,078)</u>	<u>(\$332,571)</u>		<u>\$332,571</u>

See Accompanying Notes to the Basic Financial Statements

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**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

A. The Health District

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

B. Reporting Entity

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

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Health District is obligated for the debt of the organization. Component units may also include organizations for which the Health District approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the Health District in 2011.

The Health District participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 15 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Erie County General Health District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Health District's accounting policies.

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

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

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim at December 31, 2011, but were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

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

Expenses/Expenditures

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

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

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

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

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

F. Cash and Investments

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures, and Equipment	5-20 years

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Net Assets

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

M. Fund Balance

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

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

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

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

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

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

N. Interfund Transactions

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

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

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

O. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2011, the following funds had deficit fund balances:

Fund Type/Fund	Deficit
Major Special Revenue Funds	
Women, Infants, and Children	\$68,403
Clinical Patient Services	60,902
Environmental Health Programs	58,303
Nonmajor Special Revenue Funds	
Home Health	4,590
Child and Family Health	25,524
Immunization Action Plan	5,502
Bureau of Children with Medical Handicapps	2,105

(continued)

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

Fund Type/Fund	Deficit
Nonmajor Special Revenue Funds (continued)	
Vital Statistics	\$19,100
Community Health	16,475
AIDS	3,364

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

B. Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2011.

Fund Type/Fund	Estimated Resources Plus Available Balances	Appropriations	Excess
Original Budget			
Women, Infants, and Children	\$633,821	\$703,688	\$69,867
Clinical Patient Services	977,753	1,863,320	885,567
Institutional Nursing Contracts	665,000	841,326	176,326
Environmental Health Programs	712,505	1,054,583	342,078
Final Budget			
Women, Infants, and Children	633,821	704,222	70,401
Clinical Patient Services	929,086	1,885,450	956,364
Institutional Nursing Contracts	665,000	841,728	176,728
Environmental Health Programs	728,300	1,060,871	332,571
Home Health	96,000	124,484	28,484
Child and Family Health	29,918	67,861	37,943
Immunization Action Plan		34,997	34,997
Public Health Emergency Planning and Response	173,235	235,576	62,341
Bureau of Children with Medical Handicapps	26,500	39,005	12,505
Community Health	52,500	403,919	351,419
AIDS	51,419	59,642	8,223

Although the Health District maintains multiple funds for which its Board of Health approves appropriations, the Health District presents combined appropriation data to the County Commissioners. As such, the Health District has limited its review of budgetary compliance to the level presented to the County Commissioners. Budgetary compliance is to be maintained at the level of appropriation as

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

approved by the Board of Health and the Board will work towards ensuring appropriate budgetary review. The Health District failed to approve final appropriations prior to the end of the year. The Chief Financial Officer will make an effort to ensure that appropriations are approved timely. The following accounts had expenditures in excess of appropriations for the year ended December 31, 2011:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Governmental Activities			
General Fund	\$453,562	\$2,276,366	\$1,822,804
Environmental Health Programs	1,060,871	1,137,753	76,882
Immunization Action Plan	34,997	49,665	14,668
AIDS	59,642	60,436	794

The Health District failed to approve final appropriations prior to the end of the year. The Chief Financial Officer will make an effort to ensure that expenditures are within amounts appropriated.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts	Environmenta l Health Programs
GAAP Basis	\$121,747	(\$27,289)	\$7,394	\$22,653	(\$5,490)
<u>Increases (Decreases) Due To</u>					
Revenue Accruals:					
Accrued 2010, Received in Cash 2011			28,721	18,946	4,712
Accrued 2011, Not Yet Received in Cash	(40)	(22,614)	(33,637)	(48,298)	(13,184)
Expenditure Accruals:					
Accrued 2010, Paid in Cash 2011	(19,857)	(41,114)	(110,403)	(40,430)	(57,525)
Accrued 2011, Not Yet Paid in Cash	19,098	91,017	100,974	47,129	71,487
Prepaid Items	776				
Materials and Supplies Inventory			6,951		
Budget Basis	<u>\$121,724</u>				

NOTE 5 - RECEIVABLES

Receivables at December 31, 2011, consisted of accounts (billings for health services); intergovernmental receivables arising from grants, entitlements, and shared revenues; and property taxes. All receivables are considered collectible in full and within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$120,618
Personal Property Phase-Out	17,530
Total General Fund	<u>138,148</u>
	(continued)

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 5 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Major Funds (continued)	
Women, Infants, and Children	
Women, Infants, and Children Grant	\$22,614
Clinical Patient Services	
Medicaid	43
IAP ARRA Billables Grant	7,382
Reproductive Health and Wellness Grant	22,784
Quality Improvement Grant	5,000
Other	63
Total Clinical Patient Services	35,272
Institutional Nursing Contracts	
School Contracts	25,659
Jail Contracts	22,639
Total Institutional Nursing Contracts	48,298
Environmental Health Programs	
Charges for Services	10,532
Radon Grants	6,738
Recreational Water Grant	2,629
Beach Survey Grant	22,905
Total Clinical Patient Services	42,804
Total Major Funds	287,136
Nonmajor Funds	
Immunization Action Plan	
Immunization Action Plan Grant	5,664
Public Health Emergency Planning and Response	
Public Health Emergency Planning and Response Grant	8,490
Community Health	
Miscellaneous	1,556
AIDS	
AIDS Grant	12,854
Total Nonmajor Funds	28,564
Total Governmental Activities	\$315,700

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in Erie County and for those residents served in Lorain County. Real property tax revenues received in 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real property and public utility property taxes which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. The entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

The full tax rate for all Health District operations for the year ended December 31, 2011, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2011 property tax receipts were based are as follows:

Category	Amount
Real Property	
Agricultural	\$80,506,340
Residential	1,620,094,360
Commercial	401,662,520
Industrial	46,354,800
Public Utility Property	
Real	8,194,510
Personal	54,512,100
Total Assessed Value	\$2,211,324,630

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
Governmental Activities:				
Depreciable Capital Assets				
Furniture, Fixtures, and Equipment	\$128,967	\$4,740	(\$4,200)	\$129,507
Less Accumulated Depreciation for Furniture, Fixtures, and Equipment	(34,519)	(12,629)	2,520	(44,628)
Governmental Activities Capital Assets, Net	<u>\$94,448</u>	<u>(\$7,889)</u>	<u>(\$1,680)</u>	<u>\$84,879</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Health	\$10,662
Health Clinic	1,967
Total Depreciation Expense - Governmental Activities	<u>\$12,629</u>

NOTE 8 - RISK MANAGEMENT

The Health District participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The Health District pays an annual premium to the pool for various types of insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2011, the Health District had the following insurance coverage:

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

There has been no significant reduction in insurance coverage from 2010, and no insurance settlement has exceeded insurance coverage during the last three years.

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll. For 2011, member and employer contribution rates were consistent across all three plans.

The Health District's 2011 contribution rate was 14 percent. The portion of the Health District's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the Health District's contribution allocated to health care for members in the traditional plan was 4 percent for 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The Health District's required contribution for pension obligations for the years ended December 31, 2011, 2010, and 2009 was \$283,639, \$248,018, and \$218,631, respectively. For 2011, 95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$23,329 made by the Health District and \$16,664 made by the plan members.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 10- POSTEMPLOYMENT BENEFITS (continued)

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in the traditional plan was 4 percent in 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent in 2011.

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

The Health District's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2011, 2010, and 2009 was \$122,787, \$157,575, and \$178,258, respectively. For 2011, 95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 10- POSTEMPLOYMENT BENEFITS (continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS retirement board on September 9, 2004, was effective January 1, 2007. Member and employer contributions rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 11 - COMPENSATED ABSENCES

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

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

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

NOTE 12 - LONG-TERM OBLIGATIONS

The Health District's long-term obligations activity for the year ended December 31, 2011, was as follows:

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<u>Governmental Activities</u>					
Capital Leases Payable	\$1,317		\$1,317		
Compensated Absences Payable	288,960	21,745	6,685	304,020	94,426
Total Governmental Activities	\$290,277	\$21,745	\$8,002	\$304,020	\$94,426

Capital Leases Payable

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

Compensated Absences

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

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 13 - FUND BALANCE

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

Fund Balance	General	Women, Infants, and Children	Clinical Patient Services	Institutional Nursing Contracts
Nonspendable for:				
Prepaid Items	\$24,486			
Materials and Supplies Inventory			6,435	
Total Nonspendable	24,486		6,435	
Restricted for:				
Erie County 211				
Public Health Emergency Planning and Response				
Total Restricted				
Committed for:				
Institutional Nursing Contracts				1,169
Unassigned (Deficit):	2,184,692	(68,403)	(67,337)	
Total Fund Balance (Deficit)	\$2,209,178	(\$68,403)	(\$60,902)	\$1,169

Fund Balance	Environmental Health Programs	Other Governmental
Nonspendable for:		
Prepaid Items		
Materials and Supplies Inventory		
Total Nonspendable		
Restricted for:		
Erie County 211		1,012
Public Health Emergency Planning and Response		44
Total Restricted		1,056

(continued)

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 13 - FUND BALANCE (continued)

Fund Balance	Environmental Health Programs	Other Governmental
Committed for:		
Institutional Nursing Contracts		
Unassigned (Deficit):	(58,303)	(76,660)
Total Fund Balance (Deficit)	(\$58,303)	(\$75,604)

NOTE 14 - INTERFUND TRANSFERS

During 2011, the General Fund made transfers to the Women, Infants, and Children; Clinical Patient Services; Institutional Nursing Contracts; and Environmental Health Programs special revenue funds and other governmental funds, in the amount of \$34,486, \$982,670, \$40,067, \$397,568, and \$366,051, respectively, to subsidize various programs or activities in those funds. Other governmental funds made transfers to other governmental funds, in the amount \$9,069, to subsidize various programs or activities in other funds.

NOTE 15 - PUBLIC ENTITY SHARED RISK POOL

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

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6500 Taylor Road, Blacklick, Ohio 43004.

NOTE 16 - CONTINGENT LIABILITIES

A. Litigation

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

ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 16 - CONTINGENT LIABILITIES (continued)

B. Federal and State Grants

For the period January 1, 2011, to December 31, 2011, the Health District received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Health District believes such disallowances, if any, would be immaterial.

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	02210011WA0411 02210011WA0512	10.557	\$ 471,951 128,617
Total Department of Agriculture			600,568
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Health</i>			
Child and Family Health Services Block Grant (CFHS)	02210011MC0411 02210011MC0512	93.994	18,235 14,637
Total CFHS			32,872
Reproductive Health and Wellness	02210011FP0311 02210011RH0112	93.217	58,883 49,784
Total Reproductive Health and Wellness			108,667
Public Health Emergency Preparedness Grant (+ Public Health Emergency Response)	02210012PH0211 02210012PH0312	93.069	158,022 29,041
Total Public Health Emergency Preparedness Grant			187,063
<u>IAP Cluster:</u>			
ARRA Immunization	02210012IB0111	93.712	43,382
Immunization Cooperative Agreements	02210012IM0211	93.268	53,487
Total - IAP Cluster			96,869
Total United States Department of Health and Human Services			425,471
TOTAL SCHEDULE OF FEDERAL AWARDS EXPENDITURES			\$ 1,026,039

The accompanying notes are an integral part of this Schedule.

**ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

Erie County General Health District
Erie County
420 Superior Street
Sandusky, Ohio 44870-1815

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Erie County General Health District, Erie County, Ohio (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-001 and 2011-002.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.ohioauditor.gov

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 19, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

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

Dave Yost
Auditor of State

September 19, 2012



Dave Yost • Auditor of State

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

Erie County General Health District
Erie County
420 Superior Street
Sandusky, Ohio 44870-1815

To the Members of the Board:

Compliance

We have audited the compliance of the Erie County General Health District, Erie County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

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

In our opinion, the Erie County General Health District, Erie County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

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

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

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

Dave Yost
Auditor of State

September 19, 2012

ERIE COUNTY GENERAL HEALTH DISTRICT
ERIE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011

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 weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control 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)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control 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(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children (CFDA#10.557)
<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**

FINDING NUMBER 2011-001

Noncompliance Citation

Ohio Revised Code §3709.28 provides, in part, the General Health District's total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, as certified by the County Auditor and approved by the County Budget Commission.

As of December 31, 2011 the following funds had appropriations exceeding estimated resources:

**FINDING NUMBER 2011-001
 (Continued)**

Fund	Certified Resources	Total Appropriations	Excess
Women, Infants and Children	\$633,821	\$704,222	(\$70,401)
Clinical Patient Services	929,086	1,885,450	(956,364)
Institutional Nursing Contracts	665,000	841,728	(176,728)
Environmental Health Programs	728,300	1,060,871	(332,571)
Home Health	96,000	124,484	(28,484)
Child and Family Health	29,918	67,861	(37,943)
Immunization Action Plan		34,997	(34,997)
Public Health Emergency Planning and Response	173,235	235,576	(62,341)
Bureau of Children with Medical Handicaps	26,500	39,005	(12,505)
Community Health	52,500	403,919	(351,419)

The Board of Health did not approve the final 2011 appropriation modifications until after year end. The failure to limit appropriations to amounts certified could allow expenditures to exceed available resources and create deficit spending practices, resulting in deficit fund balances.

We recommend the Director of Administrative Services monitor appropriations as compared to estimated resources and submit amendments to the County Budget Commission or reduce appropriations if sufficient revenues are not available.

Officials' Response

The Director of Administrative Services will ensure year-end appropriation modifications are submitted in a timely manner.

FINDING NUMBER 2011-002

Noncompliance Citation

Ohio Revised Code, §5705.41(B), prohibits a subdivision or taxing unit from making any expenditure of money unless it has been lawfully appropriated.

At December 31, 2011 expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Excess
General	\$453,562	\$2,276,366	(\$1,822,804)
Environmental Health Programs	1,060,871	1,137,753	(76,882)
Immunization Action Plan	34,997	49,665	(14,668)

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the District encountering deficit spending. The Director of Administrative Services should not certify the availability of funds and should deny payment requests exceeding appropriations. The Director of Administrative Services may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**FINDING NUMBER 2011-002
(Continued)**

Officials' Response

The Director of Administrative Services will ensure year-end appropriation modifications are submitted in a timely manner.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

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Dave Yost • Auditor of State

ERIE COUNTY GENERAL HEALTH DISTRICT

ERIE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 2, 2012