



**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



Mary Taylor, CPA
Auditor of State

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County General Health District, Lake County, Ohio, (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County General Health District, Lake County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Home Care Nursing, and Public Health Nursing funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2007, 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.

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

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

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

Mary Taylor, CPA
Auditor of State

February 27, 2007

Lake County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis of the Lake County General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2005, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2005 are as follows:

- Net assets increased by \$244,361. At the end of the Calendar year any un-obligated funds are used to reduce the tax assessments approved for the following year. At the end of 2005 the Lake County General Health District was negotiating with Lake County the terms of leasing or purchasing the building. In Previous years the building and the cost of maintaining the building and grounds was paid by the County. All funds were obligated to cover the additional building costs the Health District could incur based on the results of these negotiations.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Health District's receipts, making up almost two thirds of all the dollars coming into the District. General receipts in the form of property taxes make up the other third.
- The Health District had \$5,801,173 in disbursements during 2005.

Using the Basic Financial Statements

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

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

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

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

Lake County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Basis of Accounting

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

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

Reporting the Health District as a Whole

The statement of net assets and the statement of activities reflect how the Health District did financially during 2005, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

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

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

Lake County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Health District's Most Significant Funds

Fund Financial Statements

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

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

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2005 compared to 2004 on a cash basis:

Table 1
Net Assets – Cash Basis

	Governmental Activities	
	2005	2004
Assets		
Equity in Pooled Cash and Cash Equivalents	\$2,111,095	\$1,866,734
Net Assets		
Restricted for Other Purposes	730,362	843,250
Unrestricted	1,380,733	1,023,484
Total Net Assets	\$2,111,095	\$1,866,734

As mentioned previously, net assets increased \$244,361.

Table 2 reflects the changes in net assets in 2005. Since the Health District did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Lake County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities 2005
Receipts	
Program Cash Receipts	
Charges for Services	\$2,205,498
Operating Grants and Contributions	1,667,667
Total Program Cash Receipts	3,873,165
 General Receipts	
Property Taxes Levied for	
General Health District Purposes	2,036,350
Grants and Entitlements not Restricted to Specific Programs	67,289
Proceeds from Sale of Capital Assets	47
Miscellaneous	68,683
Total General Receipts	2,172,369
Total Receipts	6,045,534
 Disbursements	
Environmental Health	
General Environmental Health	\$1,300,533
Air Pollution Control	213,659
Mosquito Control	176,154
Solid Waste	57,500
Food Service	36,260
Phase II Storm Water	42,245
Pools/Spas	6,470
Water	2,605
Rabies	384
Marinas	1,000
Plumbing	562
Camps/MHP	2,130
Tatoos	0
Sewage	0
Other Environmental Health	10,743
Home Care Services	573,612
Around the Clock	66,039
Community Health Services	
WIC	478,962
Help Me Grow	497,121
Immunizations	95,779
Child and Family Health Services	45,734
Communicable Diseases	6,301
Other Community Health Services	743,418
Health Promotion and Planning	
Health Promotion and Planning	260,553
Public Health Infrastructure	130,287
Vital Statistics	181,051
Family and Children First Council	107,004
Administration	514,237
General Health District	250,830
Total Disbursements	5,801,173
 Change in Net Assets	 244,361

Lake County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

In 2005, 36 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes. Program receipts accounted for 64 percent of the Health District's total receipts in year 2005. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants and donations.

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general environmental health and other community health services, which account for 22% and 13% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Health District that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Lake County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 3
Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005
Environmental Health		
General Environmental Health	\$1,300,533	(\$1,299,790)
Air Pollution Control	213,659	(15,480)
Mosquito Control	176,154	(168,370)
Solid Waste	57,500	187,479
Food Service	36,260	283,902
Phase II Storm Water	42,245	65,397
Pools/Spas	6,470	17,855
Water	2,605	18,280
Rabies	384	(384)
Marinas	1,000	6,193
Plumbing	562	199,657
Camps/MHP	2,130	6,577
Tatoos	0	5,640
Sewage	0	128,720
Other Environmental Health	10,743	46,608
Home Care Services	573,612	54,808
Around the Clock	66,039	(66,039)
Community Health Services		
WIC	478,962	(8,661)
Help Me Grow	497,121	(20,785)
Immunizations	95,779	45,769
Child and Family Health Services	45,734	34,950
Communicable Diseases	6,301	7,782
Other Community Health Services	743,418	(620,929)
Health Promotion and Planning		
Health Promotion and Planning	260,553	(260,553)
Public Health Infrastructure	130,287	100,466
Vital Statistics	181,051	46,141
Family and Children First Council	107,004	30,610
Administration	514,237	(514,237)
General Health District	<u>250,830</u>	<u>(239,614)</u>
Total Distribution	<u><u>5,801,173</u></u>	<u><u>(1,928,008)</u></u>

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 35 percent of health costs are supported through property taxes, unrestricted grants and other general receipts.

Lake County General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The Health District's Funds

The governmental funds had total receipts of \$6,045,487 and disbursements of \$5,801,173. The governmental funds had an increase in the cash balance of \$244,314.

The fund balance of the General Fund increased \$357,249 to \$1.38 million at year-end. This represents almost sixty percent of the annual disbursements from that fund. The Health District maintains a capital budget to help fund future expenditures for the building, equipment, automobiles, and sick and vacation pay due upon retirement. The Capital budget funds are part of the General Fund.

The Public Health Nursing Fund had disbursements that exceeded receipts by \$900,490. This shortfall was offset by transfers in of \$796,122.

The Homecare Nursing Fund had disbursements that exceeded receipts by over \$11,231. This shortfall was offset by transfers totaling \$65,625.

General Fund Budgeting Highlights

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

During the course of 2005, the Health District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts.

Contacting the Health District's Financial Management

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

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Lake County General Health District, Lake County

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Primary Government Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,111,095</u>
<i>Total Assets</i>	<u><u>\$2,111,095</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$730,362
Unrestricted	<u>1,380,733</u>
<i>Total Net Assets</i>	<u><u>\$2,111,095</u></u>

See accompanying notes to the basic financial statements

Lake County General Health District, Lake County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Disbursements	Program Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
				Governmental Activities
Governmental Activities				
Environmental Health				
General Environmental Health	\$1,300,533	\$743	\$0	(\$1,299,790)
Air Pollution Control	213,659	3,280	194,899	(15,480)
Mosquito Control	176,154	7,784	0	(168,370)
Solid Waste	57,500	244,979	0	187,479
Food Service	36,260	320,162	0	283,902
Phase II Storm Water	42,245	107,642	0	65,397
Pools/Spas	6,470	24,325	0	17,855
Water	2,605	20,885	0	18,280
Rabies	384	0	0	(384)
Marinas	1,000	7,193	0	6,193
Plumbing	562	200,219	0	199,657
Camps/MHP	2,130	8,707	0	6,577
Tatoos	0	5,640	0	5,640
Sewage	0	128,720	0	128,720
Other Environmental Health	10,743	39,880	17,471	46,608
Home Care Services	573,612	627,670	750	54,808
Around the Clock	66,039	0	0	(66,039)
Community Health Services				
WIC	478,962	0	470,301	(8,661)
Help Me Grow	497,121	0	476,336	(20,785)
Immunizations	95,779	109,651	31,897	45,769
Child and Family Health Services	45,734	4,077	76,607	34,950
Communicable Diseases	6,301	14,083	0	7,782
Other Community Health Services	743,418	85,763	36,726	(620,929)
Health Promotion and Planning				
Health Promotion and Planning	260,553	0	0	(260,553)
Public Health Infrastructure	130,287	0	230,753	100,466
Vital Statistics	181,051	225,088	2,104	46,141
Family and Children First Council	107,004	7,791	129,823	30,610
Administration	514,237	0	0	(514,237)
General Health District	250,830	11,216	0	(239,614)
<i>Total Governmental Activities</i>	<u>5,801,173</u>	<u>2,205,498</u>	<u>1,667,667</u>	<u>(1,928,008)</u>

General Receipts

Property Taxes Levied for	
General Health District Purposes	2,036,350
Grants and Entitlements not Restricted to Specific Pr	67,289
Sale of Capital Assets	47
Miscellaneous	68,683
<i>Total General Receipts</i>	<u>2,172,369</u>
Change in Net Assets	244,361
<i>Net Assets Beginning of Year</i>	<u>1,866,734</u>
<i>Net Assets End of Year</i>	<u><u>\$2,111,095</u></u>

See accompanying notes to the basic financial statements

Lake County General Health District, Lake County

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	<u>General</u>	<u>Home Care Nursing</u>	<u>Public Health Nursing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,380,733	\$60,004	(\$43,725)	\$714,083	\$2,111,095
<i>Total Assets</i>	<u>\$1,380,733</u>	<u>\$60,004</u>	<u>(\$43,725)</u>	<u>\$714,083</u>	<u>\$2,111,095</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$16,863	\$803	\$295	\$4,656	22,617
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,363,870	0	0	0	1,363,870
Special Revenue Funds	0	59,201	(44,020)	709,427	724,608
<i>Total Fund Balances</i>	<u>\$1,380,733</u>	<u>\$60,004</u>	<u>(\$43,725)</u>	<u>\$714,083</u>	<u>\$2,111,095</u>

See accompanying notes to the basic financial statements

Lake County General Health District, Lake County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2005

	General	Home Care Nursing	Public Health Nursing	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$2,036,350	\$0	\$0	\$0	\$2,036,350
Intergovernmental	34,726	750	19,391	1,703,528	1,758,395
Fines, Licenses and Permits	442,221	0	0	436,258	878,479
Charges for Services	0	603,995	142,711	402,572	1,149,278
Miscellaneous	178,340	23,675	0	20,970	222,985
<i>Total Receipts</i>	<u>2,691,637</u>	<u>628,420</u>	<u>162,102</u>	<u>2,563,328</u>	<u>6,045,487</u>
Disbursements					
Current:					
Environmental Health					
General Environmental Health	1,300,533	0	0	0	1,300,533
Air Pollution Control	0	0	0	213,659	213,659
Mosquito Control	176,154	0	0	0	176,154
Solid Waste	0	0	0	57,500	57,500
Food Service	0	0	0	36,260	36,260
Phase II Storm Water	42,245	0	0	0	42,245
Pools/Spas	0	0	0	6,470	6,470
Water	0	0	0	2,605	2,605
Rabies	384	0	0	0	384
Marinas	0	0	0	1,000	1,000
Plumbing	562	0	0	0	562
Camps/MHP	0	0	0	2,130	2,130
Other Environmental Health	10,743	0	0	0	10,743
Home Care Services	0	573,612	0	0	573,612
Around the Clock	0	66,039	0	0	66,039
Community Health Services					
WIC	0	0	1,214	477,748	478,962
Help Me Grow	0	0	0	497,121	497,121
Immunizations	0	0	79,436	16,343	95,779
Child and Family Health Services	0	0	0	45,734	45,734
Communicable Diseases	0	0	4,264	2,037	6,301
Other Community Health Services	0	0	714,604	28,814	743,418
Health Promotion and Planning					
Health Promotion and Planning	0	0	260,553	0	260,553
Public Health Infrastructure	0	0	2,521	127,766	130,287
Vital Statistics	0	0	0	181,051	181,051
Family and Children First Council	0	0	0	107,004	107,004
Administration	514,237	0	0	0	514,237
General Health District	250,830	0	0	0	250,830
<i>Total Disbursements</i>	<u>2,295,688</u>	<u>639,651</u>	<u>1,062,592</u>	<u>1,803,242</u>	<u>5,801,173</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>395,949</u>	<u>(11,231)</u>	<u>(900,490)</u>	<u>760,086</u>	<u>244,314</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	47	0	0	0	47
Transfers In	6,853	65,625	796,122	600	869,200
Transfers Out	(45,600)	0	0	(823,600)	(869,200)
<i>Total Other Financing Sources (Uses)</i>	<u>(38,700)</u>	<u>65,625</u>	<u>796,122</u>	<u>(823,000)</u>	<u>47</u>
<i>Net Change in Fund Balances</i>	357,249	54,394	(104,368)	(62,914)	244,361
<i>Fund Balances Beginning of Year</i>	1,023,484	5,610	60,643	776,997	1,866,734
<i>Fund Balances End of Year</i>	<u>\$1,380,733</u>	<u>\$60,004</u>	<u>(\$43,725)</u>	<u>\$714,083</u>	<u>\$2,111,095</u>

See accompanying notes to the basic financial statements

Lake County General Health District, Lake County

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$2,036,348	\$2,036,348	\$2,036,350	\$2
Intergovernmental	24,538	33,700	34,726	1,026
Fines, Licenses and Permits	422,744	466,000	442,221	(23,779)
Miscellaneous	161,757	173,516	178,340	4,824
<i>Total Receipts</i>	<u>2,645,387</u>	<u>2,709,564</u>	<u>2,691,637</u>	<u>(17,927)</u>
Disbursements				
Current:				
Environmental Health				
General Environmental Health	1,901,774	1,901,774	1,311,150	590,624
Mosquito Control	373,876	374,688	176,154	198,534
Phase II Storm Water	108,396	108,396	42,245	66,151
Rabies	11,832	11,832	384	11,448
Plumbing	2,164	2,164	562	1,602
Schools	577	577	0	577
Other Environmental Health	29,939	29,939	10,743	19,196
Administration	732,063	732,063	518,435	213,628
General Health District	461,676	461,676	252,878	208,798
<i>Total Disbursements</i>	<u>3,622,297</u>	<u>3,623,109</u>	<u>2,312,551</u>	<u>1,310,558</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(976,910)</u>	<u>(913,545)</u>	<u>379,086</u>	<u>1,292,631</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	47	47
Transfers In	0	0	6,853	6,853
Transfers Out	(92,351)	(92,351)	(45,600)	46,751
<i>Total Other Financing Sources (Uses)</i>	<u>(92,351)</u>	<u>(92,351)</u>	<u>(38,700)</u>	<u>53,651</u>
<i>Net Change in Fund Balances</i>	<u>(1,069,261)</u>	<u>(1,005,896)</u>	<u>340,386</u>	<u>1,346,282</u>
Prior Year Encumbrances Appropriated	400	400	400	0
<i>Fund Balances Beginning of Year</i>	<u>1,023,084</u>	<u>1,023,084</u>	<u>1,023,084</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>(\$45,777)</u>	<u>\$17,588</u>	<u>\$1,363,870</u>	<u>\$1,346,282</u>

See accompanying notes to the basic financial statements

Lake County General Health District, Lake County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Home Care Nursing Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$0	\$750	\$750
Charges for Services	513,154	666,852	603,995	(62,857)
Miscellaneous	0	\$20,000	23,675	3,675
<i>Total Receipts</i>	<u>513,154</u>	<u>686,852</u>	<u>628,420</u>	<u>(58,432)</u>
Disbursements				
Current:				
Home Care Services	743,922	745,834	574,332	171,502
Around the Clock	82,548	82,636	66,122	16,514
<i>Total Disbursements</i>	<u>826,470</u>	<u>828,470</u>	<u>640,454</u>	<u>188,016</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(313,316)</u>	<u>(141,618)</u>	<u>(12,034)</u>	<u>129,584</u>
Other Financing Sources (Uses)				
Transfers In	49,908	154,052	65,625	(88,427)
<i>Total Other Financing Sources (Uses)</i>	<u>49,908</u>	<u>154,052</u>	<u>65,625</u>	<u>(88,427)</u>
<i>Net Change in Fund Balances</i>	(263,408)	12,434	53,591	41,157
Prior Year Encumbrances Appropriated	44	44	44	0
<i>Fund Balances Beginning of Year</i>	<u>5,566</u>	<u>5,566</u>	<u>5,566</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>(\$257,798)</u>	<u>\$18,044</u>	<u>\$59,201</u>	<u>\$41,157</u>

See accompanying notes to the basic financial statements

Lake County General Health District, Lake County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Public Health Nursing Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$39,175	\$20,343	\$19,391	(\$952)
Charges for Services	72,400	143,000	142,711	(\$289)
<i>Total Receipts</i>	111,575	163,343	162,102	(1,241)
Disbursements				
Current:				
Community Health Services				0
WIC	2,022	2,022	1,214	808
Immunizations	78,388	78,388	79,436	(1,048)
Communicable Diseases	3,752	3,752	4,264	(512)
Other Community Health Services	820,714	820,714	714,820	105,894
Health Promotion and Planning				0
Health Promotion and Planning	260,787	260,787	260,632	155
Public Health Infrastructure	0	0	2,521	(2,521)
<i>Total Disbursements</i>	1,165,663	1,165,663	1,062,887	102,776
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,054,088)	(1,002,320)	(900,785)	101,535
Other Financing Sources (Uses)				
Transfers In	1,286,683	942,076	796,122	(145,954)
<i>Total Other Financing Sources (Uses)</i>	1,286,683	942,076	796,122	(145,954)
<i>Net Change in Fund Balances</i>	232,595	(60,244)	(104,663)	(44,419)
Prior Year Encumbrances Appropriated	400	400	400	0
<i>Fund Balances Beginning of Year</i>	60,243	60,243	60,243	0
<i>Fund Balances End of Year</i>	\$293,238	\$399	(\$44,020)	(\$44,419)

See accompanying notes to the basic financial statements

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Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

Home Care Nursing Fund – This fund receives fees for providing home nursing services to elderly and homebound persons within the County.

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

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

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

E. Cash and Investments

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

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include net assets related to the Family and Children First Council and the services provided by the WIC grant and other grants. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

M. Fund Balance Reserves

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

N. Interfund Transactions

Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Health District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Health District has implemented the cash basis of accounting described in Note 2 which revised the Township’s financial presentation to be comparable to the requirements of Governmental Accounting Standard Board (GASB) Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.” The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Compliance

Contrary to Ohio Revised Code Section 5705.41(D) the Health District did not properly encumber 42 out of 104 transactions tested prior to obtaining the goods or services.

Note 5 - Budgetary Basis of Accounting

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

General Fund	\$16,863
Major Special Revenue Funds:	
Home Care Nursing	803
Public Health Nursing	295

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 6 - Property and other Local Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 personal property tax received in 2005 represent the collection of 2004 taxes. Public utility tangible personal property taxes received in 2005 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected in 2005 with real property taxes. Public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The Health District receives a portion of taxes assessed by the County. The amount of property taxes received from Townships and Villages is based on the subdivision's assessed values of real property, public utility property, and tangible personal property. Fifty percent of the amount of taxes received from Cities is based on the assessed values of real property, public utility property, and tangible personal property. The remaining fifty percent of taxes is based on the City's population. The millage of the Health District for Townships and Villages is .33 mils and ranges from .29 mils and .46 mils for Cities.

The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$5,464,031,350
Public Utility Property	403,485,420
Tangible Personal Property	478,531,679
Total Assessed Value	<u>\$6,346,048,449</u>

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 7 - Risk Management

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

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

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Lake County General Health District
 Lake County
 Notes to the Financial Statements
 For the Year Ended December 31, 2005
 (Continued)

Note 7 - Risk Management (continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,245)	(540,073)
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Health District's share of these unpaid claims is approximately \$67,618.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 8 - Defined Benefit Pension Plans (continued)

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$164,872, \$150,879, and \$122,980 respectively; 93% percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$6,320 made by the Health District and \$3,964 made by the plan members.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual Health District contributions for 2005 which were used to fund postemployment benefits were \$69,056. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

Lake County General Health District
 Lake County
 Notes to the Financial Statements
 For the Year Ended December 31, 2005
 (Continued)

Note 9 - Postemployment Benefits (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Note 10 - Interfund Transfers

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Public Health Nursing Fund	\$45,000
Other Governmental Funds	600
Total Transfers from the General Fund	\$45,600
Transfers from Other Governmental Funds:	
General Fund	\$6,853
Home Care Nursing Fund	65,625
Public Health Nursing Fund	751,122
Total Transfers from the Other Gov't. Funds	\$823,600

Transfers represent the allocation of unrestricted receipts collected in the General Fund and Other Governmental Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations

Note 11 – Nonprofit Corporations

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

Lake County ATC

- A.** To establish, operate, maintain and support home health care programs and other health care programs to treat or prevent injury and disease and to provide care to the elderly without regard to sex, race, color or creed.
- B.** To develop, participate in and carry on activities related to rendering care to elderly, sick and injured and/or designed and carried on to promote the health of the general community.

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 11 – Nonprofit Corporations (continued)

C. To provide funds or to expend funds to further the treatment or prevention of injury and disease, including, without limitation, to promote and carry on scientific research related to care of the elderly, sick and injured and/or the promotion of health in the general community served by the Lake County General Health District.

D. To take and hold by bequest, devise, gift, purchase, or lease either absolutely or in trust, for any of its purposes, and property, real or personal, without limitation as to amount or value; to sell, convey and dispose of any such property and to invest and reinvest the principal of the corporation for any of the purposes herein before set forth.

E. To do all things necessary or appropriate in order to accommodate the foregoing purposes.

Lake Health District Fund

A. To receive and maintain a fund or funds and to apply the income and principle thereof for charitable, educational or scientific purposes within the United States of America; and more particularly, but without limiting the generality of the foregoing, to provide financial support to the District, its employees and programs, for the care of the sick, elderly, injured, and disabled, to further the treatment or prevention of injury or disease and to develop activities designed and carried on to promote health in the general community served by the District.

B. To take and hold by bequest, devise, gift, purchase, or lease either absolutely or in trust, for any of its purposes, any property, real or personal, without limitation as to the amount or value; to sell, convey and dispose of any such property and to invest and reinvest the principle of the corporation for any of the purposes herein before set forth.

C. To do all things necessary or appropriate in order to accommodate the foregoing purposes.

HDIS Corporation

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

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

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

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2005
(Continued)

Note 12 - Related Party Transactions

Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm's length transaction.

The District is not aware of any related party transaction during the year.

Note 13 – Contingent Liabilities

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

Note 14 – Subsequent Events

The Health District purchased the building it occupies at 33 Mill Street Painesville Ohio 44077 in 2006. No debt was incurred by the Health District. The funds used for the purchase were budgeted for in the 2006 budget in the General Fund.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**Schedule of Federal Awards Receipts and Expenditures
For the Year Ended December 31, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	Project/Grant Number	CFDA Number	Receipts	Expenditures
U.S. Department of Agriculture				
<i>Passed Through the Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	43-1-001-1-CL-05	10.557	\$348,420	\$355,902
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	43-1-001-1-CL-06	10.557	121,881	117,161
Total Department of Agriculture			<u>470,301</u>	<u>473,063</u>
U.S. Department of Health & Human Services				
<i>Passed Through the Ohio Department of Health</i>				
Immunization Grants	43-1-001-2-AZ-04	93.268	3,037	0
Immunization Grants	43-1-001-2-AZ-05	93.268	28,860	31,389
Total Immunization Grants			<u>31,897</u>	<u>31,389</u>
Public Health Infrastructure	43-1-001-2-B1-04	93.283	17,630	0
Public Health Infrastructure	43-1-001-2-B1-05	93.283	126,238	147,089
Public Health Infrastructure	43-1-001-2-B1-06	93.283	86,885	50,189
Total Public Health Infrastructure			<u>230,753</u>	<u>197,278</u>
Maternal and Child Health Services Block Grant to the States	43-1-001-1-MC-05	93.994	34,990	34,545
Maternal and Child Health Services Block Grant to the States	43-1-001-1-MC-06	93.994	41,617	38,683
Total Maternal and Child Health Services Block Grant to the States			<u>76,607</u>	<u>73,228</u>
<i>Passed Through Portsmouth City Health Department</i>				
HIV Prevention Activities: Health Department Based	263-440-5238-5	93.940	28,157	28,076
Total HIV Prevention Activities: Health Department Based			<u>28,157</u>	<u>28,076</u>
<i>Passed Through Cuyahoga County of Ohio</i>				
HIV Emergency Relief Projects Grants	CE0400321-01	93.914	9,611	4,572
HIV Emergency Relief Projects Grants	CE0500549-01	93.914	21,720	27,825
Total HIV Emergency Relief Projects Grants			<u>31,331</u>	<u>32,397</u>
Total Department of Health & Human Services			<u>398,745</u>	<u>362,368</u>
U.S. Department of Environmental Protection Agency				
<i>Passed Through the Ohio Environmental Protection Agency</i>				
Air Pollution Control Program Support - FY 05	N/A	66.001	100,081	101,393
Air Pollution Control Program Support - FY 06	N/A	66.001	0	22,970
Total Environment Protection Agency			<u>100,081</u>	<u>124,363</u>
U.S. Department of Transportation				
<i>Passed Through the Ohio Department of Public Safety</i>				
State and Community Highway Safety - FY 05	2005-SA-N/1	20.600	24,336	25,574
State and Community Highway Safety - FY 06	SC-2006-43-00-00-00535	20.600	0	7,458
Total Department of Transportation			<u>24,336</u>	<u>33,032</u>
U.S. Department of Education				
<i>Passed Through the Ohio Department of Health</i>				
Special Education Grants for Infants and Families 2005	43-1-001-1-EG-05	84.181	55,618	70,813
Special Education Grants for Infants and Families 2006	43-1-001-1-EG-06	84.181	65,010	70,171
Total U.S. Department of Education			<u>120,628</u>	<u>140,984</u>
Total Federal Assistance			<u>\$1,114,091</u>	<u>\$1,133,810</u>

This schedule is prepared on the cash basis of accounting.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County General Health District, Lake County, Ohio, (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2007, wherein we noted the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34. 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 to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated February 27, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the District's management dated February 27, 2007, we reported an other matter related to noncompliance we deemed immaterial.

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Lake County General Health District
Lake County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Mary Taylor, CPA
Auditor of State

February 27, 2007



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

Compliance

We have audited the compliance of the Lake County General Health District, Lake County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. 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 its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Lake County General Health District, Lake County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings as item 2005-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We do not believe the reportable condition described above is a material weakness.

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



Mary Taylor, CPA
Auditor of State

February 27, 2007

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (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 2005-001

Noncompliance Citation

Encumbrance of Funds

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

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

FINDING NUMBER 2005-001 (Continued)

Encumbrance of Funds (Continued)

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

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

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

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

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

Thirty-three percent (20 out of 60) of the non-payroll transactions tested were not certified by the County Auditor at the time the commitment was incurred and there was no evidence that the District followed the aforementioned exceptions. During our search for unrecorded encumbrances at December 31, 2005 we noted forty-three percent (19 out of 44) of the non-payroll transactions tested were not certified by the County Auditor at the time the commitment was incurred. Sixteen of the non-payroll errors and fifteen of the unrecorded encumbrance errors occurred because the transaction did not have a purchase order executed, which is the method used by the District to certify funds. The remaining errors occurred because, although purchase orders were executed, they were not executed and the certification was not obtained at the time the commitment was incurred. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

FINDING NUMBER 2005-001 (Continued)

Encumbrance of Funds (Continued)

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

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

Official's Response:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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FINDING NUMBER 2005-002

Reportable Condition

Federal Program Record Keeping

Office of Management and Budget (OMB) Circular A-133 Section 310 requires the auditee to prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. OMB Circular A-133 Section 300 requires the district to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

During our review of the District's federal schedule we noted the District has different funds for each federal grant. However, the District does not segregate each grant year within each fund in their accounting system.

We also noted during our testing of the federal schedule that reports sent to the granting agency include expenditures that were not spent from the corresponding federal fund on the District's ledgers. The Senior Manager indicated the expenditures are for salaries of employees that perform services for the federal program but are not performing that service 100 percent of the time. As a result these employees are paid out of the Public Health Nursing fund. Some of these federal expenditures are reimbursed through payroll chargebacks. During the year the administrative clerical specialist will prepare a payroll chargeback which lists employees and their time that should have been charged to a grant. This documentation is used to support reimbursing the Public Health Nursing fund for services that were related to a federal grant via a transfer of monies. Payroll chargebacks are not prepared for every payroll expenditure that should be reimbursed.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

FINDING NUMBER 2005-002 (Continued)

Federal Program Record Keeping (Continued)

On April 5, 2005 the District transferred \$15,000 from the Immunization Action Plan fund, \$35,000 from the Public Health Infrastructure fund, and \$15,000 from the HIV Prevention Grant fund to the Public Health Nursing fund. All funds the monies were transferred from were federal grant funds. The District could not provide any support indicating specific expenditures from Public Health Nursing fund that were being reimbursed. We also noted \$7,465.50 in payroll chargebacks could not be processed by the end of the fiscal year due to lack of money in the federal fund. Due to the lack of supporting documentation the transfers are not legal transfers. As of the date of this report the District has repaid the transfers to the originating fund, as well as adjusted the financial statements to reflect this repayment. The schedule of federal awards expenditures reflects payroll charges for the actual time worked on each program.

We recommend the District maintain financial records that will facilitate the segregation of federal expenditures between different grant years and enable agreement between the financial statements and the reports sent to the granting agencies. We also recommend all transfers out of federal grant funds relating to payroll be supported by payroll chargebacks and transfers for reimbursement of other expenditures have supporting documentation indicating what expenditures are being reimbursed. In order for the individual funds to report a more current amount of federal expenditures the District should process payroll chargebacks on a more frequent basis.

Official's Response:

The District will examine its accounting system to determine if federal expenditures can be segregated by grant year. Payroll chargebacks will be performed in a timely manner. The District agreed to return the transfer of monies from the Public Health Nursing Fund to the initiating grant fund. In fiscal year 2006, the District obtained supporting documentation and properly transferred the monies back to the Public Health Nursing Fund.



Mary Taylor, CPA
Auditor of State

GENERAL HEALTH DISTRICT

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 10, 2007**