



**GEAUGA COUNTY COMBINED HEALTH DISTRICT  
GEAUGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005**



**Mary Taylor, CPA**  
Auditor of State



**GEAUGA COUNTY COMBINED HEALTH DISTRICT NAME  
GEAUGA COUNTY**

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# Mary Taylor, CPA

Auditor of State

Geauga County Combined Health District  
Geauga County  
470 Center Street, Building 8  
Chardon, Ohio 44024

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

August 15, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Combined Health District  
Geauga County  
470 Center Street, Building 8  
Chardon, Ohio 44024

To the Members of the Board:

We have audited the accompanying financial statements of Geauga County Combined Health District, Geauga County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Geauga County Combined Health District, Geauga County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 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.

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

August 15, 2007



**GEAUGA COUNTY COMBINED HEALTH DISTRICT  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Fines and Fees	\$308,580	\$49,386	\$357,966
Licenses and Permits	588,932	256,484	845,416
Intergovernmental Revenue	433,377	365,370	798,747
Other Receipts	196,925	2,117	199,042
<b>Total Cash Receipts</b>	<u>1,527,814</u>	<u>673,357</u>	<u>2,201,171</u>
<b>Cash Disbursements:</b>			
Salaries	902,706	201,799	1,104,505
Supplies	50,691		50,691
Equipment	61,107		61,107
Contracts - Repair	9,172		9,172
State Remittance		38,486	38,486
Advertising and printing	4,319		4,319
Travel and Expenses'	31,871	1,770	33,641
Ohio Public employee's retirement	119,565	26,938	146,503
Hospitalization	203,800	30,183	233,983
Worker's compensation	17,800	4,836	22,636
Project Fund Disbursements		381,948	381,948
Other Expenses	127,945	33,158	161,103
<b>Total Disbursements</b>	<u>1,528,976</u>	<u>719,118</u>	<u>2,248,094</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(1,162)</u>	<u>(45,761)</u>	<u>(46,923)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfer In		100,000	100,000
Reimbursements	506		506
Other receipts	5,902	1,720	7,622
Transfer Out	(100,000)		(100,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(93,592)</u>	<u>101,720</u>	<u>8,128</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(94,754)</u>	<u>55,959</u>	<u>(38,795)</u>
<b>Fund Cash Balances, January 1</b>	<u>1,170,771</u>	<u>254,588</u>	<u>1,425,359</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$1,076,017</u></u>	<u><u>\$310,547</u></u>	<u><u>\$1,386,564</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$60,603</u></u>	<u><u>\$9,896</u></u>	<u><u>\$70,499</u></u>

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

**GEAUGA COUNTY COMBINED HEALTH DISTRICT  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Fines and Fees	\$257,750	\$65,305	\$323,055
Licenses and Permits	546,642	241,080	787,722
Intergovernmental Revenue	439,478	404,975	844,453
Other Receipts	267,010	2,209	269,219
Total Cash Receipts	<u>1,510,880</u>	<u>713,569</u>	<u>2,224,449</u>
<b>Cash Disbursements:</b>			
Salaries	800,130	221,653	1,021,783
Supplies	48,051		48,051
Equipment	86,815		86,815
Contracts - Repair	9,274		9,274
State Remittance		42,518	42,518
Advertising and printing	3,538		3,538
Travel and Expenses	37,678	1,331	39,009
Ohio Public employee's retirement	104,411	29,646	134,057
Hospitalization	138,050	36,701	174,751
Worker's compensation	10,406	2,963	13,369
Project Fund Disbursements		423,634	423,634
Other Expenses	179,611	9,723	189,334
Total Disbursements	<u>1,417,964</u>	<u>768,169</u>	<u>2,186,133</u>
Total Receipts Over/(Under) Disbursements	<u>92,916</u>	<u>(54,600)</u>	<u>38,316</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Reimbursements	843		843
Other sources	11,271	1,115	12,386
Other Uses	0	0	0
Total Other Financing Receipts/(Disbursements)	<u>12,114</u>	<u>1,115</u>	<u>13,229</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	105,030	(53,485)	51,545
Fund Cash Balances, January 1	<u>1,065,741</u>	<u>308,073</u>	<u>1,373,814</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,170,771</u></b>	<b><u>\$254,588</u></b>	<b><u>\$1,425,359</u></b>
Reserves for Encumbrances, December 31	<u>\$25,077</u>	<u>\$2,516</u>	<u>\$27,593</u>

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

**GEAUGA COUNTY COMBINED HEALTH DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Geauga County Combined Health District, Geauga County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. Board members are appointed by the District's Advisory Council for a term of 5 years. Empowered by Section 3709.97, Ohio Revised Code, the Combined Health District consists of 1 City, 5 Villages and 16 Townships. The Chief Executive Officer of each constituent political subdivision serves on the District Advisory Council. The Health Commissioner presides over the County Health Department and reports to the Board at its regular meeting each month. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

**C. Cash**

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for all financial resources except those restricted by law or contract.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund accounts for the Special Supplemental Nutrition Program.

Food Service Fund – This fund receives fee and license revenue for the health inspections of food establishments.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund annually.

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2006 and 2005 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2006 and December 31, 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,681,073	\$1,534,222	(\$146,851)
Special Revenue	667,815	775,077	107,262
Total	<u>\$2,348,888</u>	<u>\$2,309,299</u>	<u>(\$39,589)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,311,778	\$1,689,579	\$622,199
Special Revenue	797,263	729,014	68,249
Total	<u>\$3,109,041</u>	<u>\$2,418,593</u>	<u>\$690,448</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,730,606	\$1,522,994	(\$207,612)
Special Revenue	680,611	714,684	34,073
Total	<u>\$2,411,217</u>	<u>\$2,237,678</u>	<u>(\$173,539)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,222,285	\$1,443,041	\$779,244
Special Revenue	834,006	770,685	63,321
Total	<u>\$3,056,291</u>	<u>\$2,213,726</u>	<u>\$842,565</u>

**GEAUGA COUNTY COMBINED HEALTH DISTRICT  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. INTERGOVERNMENTAL FUNDING**

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

The County Commissioners serve as a special taxing authority for a special levy outside the ten mill limitation to provide the District with sufficient funds for health programs. The levy generated \$390,075 in 2006 and \$381,143 in 2005. The financial statements present these amounts as intergovernmental receipts.

**4. RETIREMENT SYSTEM**

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the District contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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



# 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*

Geauga County Combined Health District  
Geauga County  
470 Center Street, Building 8  
Chardon, Ohio 44024

To the Members of the Board:

We have audited the combined financial statements of the Geauga County Combined Health District, Geauga County, Ohio (the District) as of and for the years ended December 31, 2006 and 2005 and have issued our report thereon dated August 15, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

### **Compliance and Other Matters**

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

We intend this report solely for the information and use of the audit committee, management, and the Members of the Board. We intend it for no one 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

August 15, 2007





**Mary Taylor, CPA**  
Auditor of State

**COMBINED HEALTH DISTRICT**

**GEAUGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 11, 2007**