



Dave Yost • Auditor of State

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Geauga County Combined Health District, Geauga County, (the District) for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District for the years ended December 31, 2012 and 2011, thereof for the period then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Geauga County Combined Health District, Geauga County, for December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Geauga County Combined Health District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 9, 2013

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$514,967	\$0	\$514,967
Intergovernmental	85,658	406,852	492,510
Fines and Fees	212,841	273,892	486,733
Licenses and Permits	103,310	439,229	542,539
Other Receipts	52,916	22,661	75,577
	<u>969,692</u>	<u>1,142,634</u>	<u>2,112,326</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	532,628	141,534	674,162
Supplies	14,695	0	14,695
Equipment	14,165	0	14,165
Contracts - Repair	4,887	0	4,887
State Remittance	0	16,664	16,664
Advertising and printing	2,436	0	2,436
Travel and Expenses	17,536	2,569	20,105
Ohio Public employee's retirement	63,506	18,282	81,788
Hospitalization	109,101	34,143	143,244
Worker's compensation	2,491	672	3,163
Project Fund Disbursements	0	693,218	693,218
Fees and Permits	0	15,093	15,093
Other Expenses	142,275	21,306	163,581
	<u>903,720</u>	<u>943,481</u>	<u>1,847,201</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements			
	<u>65,972</u>	<u>199,153</u>	<u>265,125</u>
Fund Cash Balances, January 1, 2012			
	<u>1,052,394</u>	<u>715,304</u>	<u>1,767,698</u>
Fund Cash Balances, December 31, 2012			
Committed	30,924	25,614	56,538
Assigned	0	888,843	888,843
Unassigned	1,087,442	0	1,087,442
	<u>1,118,366</u>	<u>\$914,457</u>	<u>\$2,032,823</u>
Fund Cash Balances, December 31, 2012			

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$532,654	\$0	\$532,654
Intergovernmental	94,739	533,210	627,949
Fines and Fees	203,958	245,122	449,080
Licenses and Permits	103,530	383,465	486,995
Other Receipts	108,748	2,523	111,271
Total Cash Receipts	<u>1,043,629</u>	<u>1,164,320</u>	<u>2,207,949</u>
Cash Disbursements:			
Salaries	470,404	127,743	598,147
Supplies	26,590	0	26,590
Equipment	7,583	0	7,583
Contracts - Repair	7,906	0	7,906
State Remittance		17,546	17,546
Advertising and printing	497	0	497
Travel and Expenses	11,812	2,253	14,065
Ohio Public employee's retirement	65,160	16,303	81,463
Hospitalization	105,142	41,028	146,170
Project Fund Disbursements	0	834,128	834,128
Worker's compensation	4,606	1,380	5,986
Fees and Permits	0	12,478	12,478
Other Expenses	138,566	9,722	148,288
Total Disbursements	<u>838,266</u>	<u>1,062,581</u>	<u>1,900,847</u>
Total Receipts Over/(Under) Disbursements	<u>205,363</u>	<u>101,739</u>	<u>307,102</u>
Other Financing Receipts/(Disbursements):			
Reimbursements	3,769	0	3,769
Refunds	0	959	959
Total Other Financing Receipts/(Disbursements)	<u>3,769</u>	<u>959</u>	<u>4,728</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	209,132	102,698	311,830
Fund Cash Balances, January 1, 2011	<u>843,262</u>	<u>612,606</u>	<u>1,455,868</u>
Fund Cash Balances, December 31, 2011			
Committed	48,432	15,730	64,162
Assigned	0	699,574	699,574
Unassigned	1,003,962	0	1,003,962
Fund Cash Balances, December 31, 2011	<u><u>\$1,052,394</u></u>	<u><u>\$715,304</u></u>	<u><u>\$1,767,698</u></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, 2012 AND 2011**

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 3709.07, 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. Accounting Basis

These financial statements follow the accounting basis 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

As required by Ohio Revised Code, the Geauga County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the 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 and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

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

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

Sewage Treatment – This is a fund that charges service fees for activities related to administering the sewage treatment program in Geauga County.

Public Health Infrastructure – This is grant fund for planning and preparing the District to respond to public health emergencies.

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 and 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. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2012 and 2011 budgetary activity appears in Note 2.

F. Fund Balance

For fiscal year 2011, the District adopted *Government Accounting Standards Board Statement No. 54*. Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as ***nonspendable*** when legally or contractually required to maintain the amounts intact.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. Restricted

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

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. 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.

H. 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, 2012 AND 2011
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and December 31, 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,313,914	\$969,692	(\$344,222)
Special Revenue	1,064,991	1,142,634	77,643
Total	\$2,378,905	\$2,112,326	(\$266,579)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,583,994	\$934,644	\$649,350
Special Revenue	1,208,573	969,095	239,478
Total	\$2,792,567	\$1,903,739	\$888,828

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,392,412	\$1,047,397	(\$345,015)
Special Revenue	1,228,342	1,165,278	(63,064)
Total	\$2,620,754	\$2,212,675	(\$408,079)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,546,422	\$886,698	\$659,724
Special Revenue	1,286,820	1,078,311	208,509
Total	\$2,833,242	\$1,965,009	\$868,233

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 \$514,967 in 2012 and \$532,654 in 2011. The financial statements present these amounts as intergovernmental receipts.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2012.

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.

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INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Geauga County Combined Health District, Geauga County, (the District) for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2013, wherein we noted the District followed the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1. . During 2011, the District also implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 9, 2013



Dave Yost • Auditor of State

GEAUGA COUNTY 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
OCTOBER 1, 2013**