



**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 10, 2009

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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 the Geauga County Combined Health District, Geauga County, (the District) as of and for the years ended December 31, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007, 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 the Geauga County Combined Health District, Geauga County, as of December 31, 2008 and 2007, 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 10, 2009, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 10, 2009

**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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Fines and Fees	\$174,759	\$39,884	\$214,643
Licenses and Permits	117,664	211,505	329,169
Intergovernmental Revenue	443,337	369,456	812,793
Other Receipts	152,937	485,796	638,733
Total Cash Receipts	<u>888,697</u>	<u>1,106,641</u>	<u>1,995,338</u>
Cash Disbursements:			
Salaries	687,255	163,991	851,246
Supplies	33,637		33,637
Equipment	4,048		4,048
Contracts - Repair	3,809		3,809
State Remittance		32,138	32,138
Advertising and printing	1,594		1,594
Travel and Expenses'	14,551	3,229	17,780
Ohio Public employee's retirement	93,868	22,629	116,497
Hospitalization	105,850	33,880	139,730
Worker's compensation	18,590	4,499	23,089
Project Fund Disbursements		712,401	712,401
Other Expenses	94,102	14,665	108,767
Total Disbursements	<u>1,057,304</u>	<u>987,432</u>	<u>2,044,736</u>
Total Receipts Over/(Under) Disbursements	<u>(168,607)</u>	<u>119,209</u>	<u>(49,398)</u>
Other Financing Receipts/(Disbursements):			
Reimbursements	12,399		12,399
Other receipts	7,682		7,682
Total Other Financing Receipts/(Disbursements)	<u>20,081</u>		<u>20,081</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(148,526)</u>	<u>119,209</u>	<u>(29,317)</u>
Fund Cash Balances, January 1	<u>714,955</u>	<u>267,510</u>	<u>982,465</u>
Fund Cash Balances, December 31	<u>\$566,429</u>	<u>\$386,719</u>	<u>\$953,148</u>
Reserves for Encumbrances, December 31	<u>\$37,583</u>	<u>\$8,136</u>	<u>\$45,719</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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Fines and Fees	\$139,866	\$43,666	\$183,532
Licenses and Permits	87,253	250,079	337,332
Intergovernmental Revenue	439,288	398,020	837,308
Other Receipts	149,433	358,966	508,399
Total Cash Receipts	<u>815,840</u>	<u>1,050,731</u>	<u>1,866,571</u>
Cash Disbursements:			
Salaries	728,144	179,089	907,233
Supplies	41,259		41,259
Equipment	1,846		1,846
Contracts - Repair	15,290		15,290
State Remittance		36,645	36,645
Advertising and printing	3,250		3,250
Travel and Expenses	19,888	3,568	23,456
Ohio Public employee's retirement	99,472	24,442	123,914
Hospitalization	152,403	41,808	194,211
Worker's compensation	26,697	5,748	32,445
Project Fund Disbursements		759,051	759,051
Other Expenses	95,267	43,417	138,684
Total Disbursements	<u>1,183,516</u>	<u>1,093,768</u>	<u>2,277,284</u>
Total Receipts Over/(Under) Disbursements	<u>(367,676)</u>	<u>(43,037)</u>	<u>(410,713)</u>
Other Financing Receipts/(Disbursements):			
Reimbursements	405		405
Other sources	6,209		6,209
Total Other Financing Receipts/(Disbursements)	<u>6,614</u>		<u>6,614</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(361,062)	(43,037)	(404,099)
Fund Cash Balances, January 1	1,076,017	310,547	1,386,564
Fund Cash Balances, December 31	<u><u>\$714,955</u></u>	<u><u>\$267,510</u></u>	<u><u>\$982,465</u></u>
Reserves for Encumbrances, December 31	<u><u>\$47,946</u></u>	<u><u>\$14,151</u></u>	<u><u>\$62,097</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, 2008 AND 2007**

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. 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 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.

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:

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 2008 and 2007 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, 2008 AND 2007
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and December 31, 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,193,553	\$908,778	(\$284,775)
Special Revenue	1,013,515	1,106,641	93,126
Total	\$2,207,068	\$2,015,419	(\$191,649)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,573,247	\$1,094,887	\$478,360
Special Revenue	1,160,113	995,568	164,545
Total	\$2,733,360	\$2,090,455	\$642,905

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,126,472	\$822,454	(\$304,018)
Special Revenue	1,003,465	1,050,731	47,266
Total	\$2,129,937	\$1,873,185	(\$256,752)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,794,650	\$1,231,462	\$563,188
Special Revenue	1,232,876	1,107,919	124,957
Total	\$3,027,526	\$2,339,381	\$688,145

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.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. INTERGOVERNMENTAL FUNDING (Continued)

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 \$369,018 in 2008 and \$378,995 in 2007. 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 2008 and 2007, OPERS members contributed 10.0% and 9.5%, respectively, of their gross salaries, respectively. The District contributed an amount equaling 14.0 and 13.85%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

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 financial statements of the Geauga County Combined Health District, Geauga County, (the District) as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated August 10, 2009, 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 District's Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 10, 2009



Mary Taylor, CPA
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
AUGUST 25, 2009**