



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, OH 44024

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Geauga County Combined Health District, Geauga County, (the District) as of and for the years ended December 31, 2014 and 2013.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 opinions.

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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Geauga County Combined Health District, Geauga County as of December 31, 2014 and 2013, 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(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2015, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

August 20, 2015

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**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Taxes	\$518,381	\$0	\$518,381
Intergovernmental	100,431	394,701	495,132
Fines and Fees	218,584	342,520	561,104
Licenses and Permits	118,605	509,906	628,511
Miscellaneous	45,319	23,412	68,731
<i>Total Cash Receipts</i>	<u>1,001,320</u>	<u>1,270,539</u>	<u>2,271,859</u>
Cash Disbursements			
Salaries	856,758	367,440	1,224,198
Supplies	25,183	7,600	32,783
Equipment	70,572	76,246	146,818
Contracts - Repair	4,682	2,482	7,164
State Remittance	64,541	25,301	89,842
Travel and Expenses	11,319	10,057	21,376
Public Employees Retirement	116,197	50,670	166,867
Hospitalization	180,723	86,236	266,959
Advertising and Printing	696	0	696
Worker's Compensation	2,683	978	3,661
Project Fund Disbursements	0	365,267	365,267
Fees and Permits	0	18,191	18,191
Other Expenses	99,771	31,202	130,973
<i>Total Cash Disbursements</i>	<u>1,433,125</u>	<u>1,041,670</u>	<u>2,474,795</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(431,805)</u>	<u>228,869</u>	<u>(202,936)</u>
Other Financing Receipts			
Reimbursements	306,985	0	306,985
<i>Total Other Financing Receipts</i>	<u>306,985</u>	<u>0</u>	<u>306,985</u>
<i>Net Change in Fund Cash Balances</i>	(124,820)	228,869	104,049
<i>Fund Cash Balances, January 1</i>	<u>1,103,138</u>	<u>1,085,391</u>	<u>2,188,529</u>
Fund Cash Balances, December 31			
Restricted	0	1,041,457	1,041,457
Committed	0	272,803	272,803
Unassigned (Deficit)	978,318	0	978,318
<i>Fund Cash Balances, December 31</i>	<u>\$978,318</u>	<u>\$1,314,260</u>	<u>\$2,292,578</u>

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

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Taxes	\$516,367	\$0	\$516,367
Intergovernmental	98,558	356,782	455,340
Fines and Fees	214,150	299,130	513,280
Licenses and Permits	106,915	439,431	546,346
Miscellaneous	33,216	23,493	56,709
<i>Total Cash Receipts</i>	<u>969,206</u>	<u>1,118,836</u>	<u>2,088,042</u>
Cash Disbursements			
Salaries	827,299	309,662	1,136,961
Supplies	20,467	6,998	27,465
Equipment	22,524	24,594	47,118
Contracts - Repair	8,749	12,435	21,184
State Remittance	81,441	23,955	105,396
Travel and Expenses	13,662	7,221	20,883
Public Employees Retirement	113,173	42,624	155,797
Hospitalization	160,859	76,608	237,467
Advertising and Printing	1,183	0	1,183
Worker's Compensation	3,132	1,165	4,297
Project Fund Disbursements	0	377,488	377,488
Fees and Permits	0	17,219	17,219
Other Expenses	60,896	47,933	108,829
<i>Total Cash Disbursements</i>	<u>1,313,385</u>	<u>947,902</u>	<u>2,261,287</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(344,179)</u>	<u>170,934</u>	<u>(173,245)</u>
Other Financing Receipts			
Reimbursements	328,951	0	328,951
<i>Total Other Financing Receipts</i>	<u>328,951</u>	<u>0</u>	<u>328,951</u>
<i>Net Change in Fund Cash Balances</i>	(15,228)	170,934	155,706
<i>Fund Cash Balances, January 1</i>	<u>1,118,366</u>	<u>914,457</u>	<u>2,032,823</u>
Fund Cash Balances, December 31			
Restricted	0	838,018	838,018
Committed	0	247,373	247,373
Unassigned (Deficit)	1,103,138	0	1,103,138
<i>Fund Cash Balances, December 31</i>	<u>\$1,103,138</u>	<u>\$1,085,391</u>	<u>\$2,188,529</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, 2014 AND 2013**

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 five years. Empowered by Section 3709.97, Ohio Revised Code, the District consists of one City, five Villages, and sixteen 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

As required by the 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.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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 for providing Special Supplemental Nutrition Program for Women, Infants & Children to qualifying residents.

Public Health Emergency Preparedness – This is a combined Federal and State grant fund for planning and preparing the district to respond to public health emergencies.

Child and Family Health Services – This is a combined Federal and State grant fund for providing Title V Maternal and Child Health Block Grant services to qualifying residents.

Immunization Action Plan – This is a combined Federal and State grant fund to increase the number of local private providers vaccinating children and adolescent residents.

Food Service Fund – This is a Local fund for administering the Ohio Admin. Code Chapter 3701-21 Food Service Operations and Ohio Rev. Code Chapter 3717 Ohio Uniform Food Safety Code.

Private Water Systems Fund – This is a Local fund for administering Ohio Admin. Code Chapter 3701-28 Private Water Systems program.

Sewage Treatment System Fund – This is a local fund for administering Ohio Admin. Code. Chapter 3701-29 Household Sewage Disposal Systems program and local code 3701-29-25 For Sale of Property Evaluation program (point-of-sale sewage inspections).

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 or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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 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 2014 and 2013 budgetary activity appears in Note 2.

F. Fund Balance

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.

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.

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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.

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,264,174	\$1,308,305	\$44,131
Special Revenue	1,315,966	1,270,539	(45,427)
Total	\$2,580,140	\$2,578,844	(\$1,296)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,028,774	\$1,478,647	\$550,127
Special Revenue	1,310,681	1,057,026	253,655
Total	\$3,339,455	\$2,535,673	\$803,782

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,315,488	\$1,298,157	(\$17,331)
Special Revenue	1,208,228	1,118,836	(89,392)
Total	\$2,523,716	\$2,416,993	(\$106,723)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,701,352	\$1,342,577	\$358,775
Special Revenue	1,287,543	962,375	325,168
Total	\$2,988,895	\$2,304,952	\$683,943

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 \$518,381 in 2014 and \$516,367 in 2013. The financial statements present these amounts as intergovernmental receipts.

4. Retirement Systems

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 2014 and 2013, 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, 2014.

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.

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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) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 20, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 opinions 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State
Columbus, Ohio

August 20, 2015

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2014-001

Annual Financial Reporting – Noncompliance

Ohio Rev. Code §117.38 states that an entity must file a complete and accurate financial report on an annual basis. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year.

Although the District filed annual financial reports with Local Government Services for 2014 and 2013, the filed reports contained balances and totals which did not agree to the District's accounting system, and in some cases, were significantly misstated. By not filing accurate financial reports, the District is not fulfilling their duties of accountability and transparency to the public.

We recommend the District compile and present their financial statements in a complete and accurate manner, in accordance with its accounting records and the above Ohio Rev. Code Section.

Officials' Response: We recognize and acknowledge the cash basis reports filed with the Auditor of State were submitted incomplete and inaccurate. The District staff will work with the Geauga County Auditor to correct the mistakes, which included failing to report the grant reimbursement revenue to the General Fund from the various grant funds composing the Special Revenue Fund, and confusing or missing expenditure account line items that resulted in assigning expenses inconsistently and/or incorrectly.

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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
SEPTEMBER 3, 2015**