



**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

**GEAUGA COUNTY COMBINED HEALTH DISTRICT
GEAUGA COUNTY**

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Dave Yost • 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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Dave Yost
Auditor of State

August 26, 2011

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Dave Yost • 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, Ohio (the District) as of and for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, 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 26, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 26, 2011

**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, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$531,002		\$531,002
Fines and Fees	198,009	\$42,148	240,157
Licenses and Permits	85,240	244,530	329,770
Intergovernmental Revenue	108,061	1,029,515	1,137,576
Other Receipts	69,004	1,858	70,862
Total Cash Receipts	<u>991,316</u>	<u>1,318,051</u>	<u>2,309,367</u>
Cash Disbursements:			
Salaries	366,481	150,980	517,461
Supplies	27,769		27,769
Equipment	1,747		1,747
Contracts - Repair	4,404		4,404
State Remittance		30,730	30,730
Advertising and printing	1,275		1,275
Travel and Expenses	10,017	3,184	13,201
Ohio Public employee's retirement	49,438	20,754	70,192
Hospitalization	83,274	43,984	127,258
Worker's compensation	3,433	1,327	4,760
Project Fund Disbursements		1,012,729	1,012,729
Other Expenses	101,920	19,570	121,490
Total Disbursements	<u>649,758</u>	<u>1,283,258</u>	<u>1,933,016</u>
Total Receipts Over/(Under) Disbursements	<u>341,558</u>	<u>34,793</u>	<u>376,351</u>
Other Financing Receipts/(Disbursements):			
Reimbursements	1,070	906	1,976
Other receipts	4,290	3,885	8,175
Total Other Financing Receipts/(Disbursements)	<u>5,360</u>	<u>4,791</u>	<u>10,151</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	346,918	39,584	386,502
Fund Cash Balances, January 1	496,344	573,022	1,069,366
Fund Cash Balances, December 31	<u><u>\$843,262</u></u>	<u><u>\$612,606</u></u>	<u><u>\$1,455,868</u></u>
Reserves for Encumbrances, December 31	<u><u>\$48,432</u></u>	<u><u>\$7,136</u></u>	<u><u>\$55,568</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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$356,214		\$356,214
Fines and Fees	173,974	\$47,173	221,147
Licenses and Permits	90,465	176,248	266,713
Intergovernmental Revenue	83,280	983,474	1,066,754
Other Receipts	128,708	1,236	129,944
Total Cash Receipts	<u>832,641</u>	<u>1,208,131</u>	<u>2,040,772</u>
Cash Disbursements:			
Salaries	578,433	145,393	723,826
Supplies	29,948		29,948
Equipment	6,889		6,889
Contracts - Repair	5,441		5,441
State Remittance		25,029	25,029
Advertising and printing	1,047		1,047
Travel and Expenses	8,613	3,169	11,782
Ohio Public employee's retirement	78,272	20,069	98,341
Hospitalization	92,100	39,105	131,205
Worker's compensation	13,627	3,434	17,061
Project Fund Disbursements		783,091	783,091
Other Expenses	95,304	7,833	103,137
Total Disbursements	<u>909,674</u>	<u>1,027,123</u>	<u>1,936,797</u>
Total Receipts Over/(Under) Disbursements	<u>(77,033)</u>	<u>181,008</u>	<u>103,975</u>
Other Financing Receipts/(Disbursements):			
Reimbursements	2,190		2,190
Other sources	4,758	5,295	10,053
Total Other Financing Receipts/(Disbursements)	<u>6,948</u>	<u>5,295</u>	<u>12,243</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(70,085)	186,303	116,218
Fund Cash Balances, January 1	<u>566,429</u>	<u>386,719</u>	<u>953,148</u>
Fund Cash Balances, December 31	<u><u>\$496,344</u></u>	<u><u>\$573,022</u></u>	<u><u>\$1,069,366</u></u>
Reserves for Encumbrances, December 31	<u><u>\$43,374</u></u>	<u><u>\$8,758</u></u>	<u><u>\$52,132</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, 2010 AND 2009**

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, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

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

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 2010 and 2009 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, 2010 AND 2009
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and December 31, 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,342,661	\$996,676	(\$345,985)
Special Revenue	1,238,210	1,322,842	84,632
Total	\$2,580,871	\$2,319,518	(\$261,353)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,496,837	\$698,190	\$798,647
Special Revenue	1,524,148	1,290,394	233,754
Total	\$3,020,985	\$1,988,584	\$1,032,401

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,163,735	\$839,589	(\$324,146)
Special Revenue	1,133,477	1,213,426	79,949
Total	\$2,297,212	\$2,053,015	(\$244,197)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,621,193	\$953,048	\$668,145
Special Revenue	1,174,264	1,035,881	138,383
Total	\$2,795,457	\$1,988,929	\$806,528

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, 2010 AND 2009
(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 \$531,002 in 2010 and \$356,214 in 2009. 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 2010 and 2009, 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, 2010.

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.



Dave Yost • 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, Ohio, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 26, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purposes of opining 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 *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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, the Board and others within the District. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

August 26, 2011



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 8, 2011**