



OHIO AUDITOR OF STATE  
**KEITH FABER**





**GEAUGA PUBLIC HEALTH  
GEAUGA COUNTY  
DECEMBER 31, 2018 AND 2017**

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## INDEPENDENT AUDITOR'S REPORT

Geauga Public Health  
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 of the cash balances, receipts and disbursements by fund type, and related notes of Geauga Public Health, Geauga County, Ohio as of and for the years ended December 31, 2018 and 2017.

### ***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 Geauga Public Health'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 Geauga Public Health's internal control. Accordingly, we express no such 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 2 of the financial statements, Geauga Public Health 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 Geauga Public Health 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 Geauga Public Health as of December 31, 2018 and 2017, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Geauga Public Health, Geauga County as of December 31, 2018 and 2017, 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of Geauga Public Health'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 Geauga Public Health's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

December 23, 2019

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**Geauga Public Health**

*Geauga County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Taxes	\$549,861	\$0	\$549,861
Intergovernmental:	74,642	267,722	342,364
Fines and Fees	210,224	453,667	663,891
Licenses and Permits	130,689	549,669	680,358
Miscellaneous	72,151	16,958	89,109
<i>Total Cash Receipts</i>	<u>1,037,567</u>	<u>1,288,016</u>	<u>2,325,583</u>
<b>Cash Disbursements</b>			
Salaries	540,302	534,199	1,074,501
Supplies	27,277	8,265	35,542
Equipment	11,060	90,194	101,254
Contracts - Repair	1,320	57	1,377
State Remittance	85,900	58,816	144,716
Travel and Expenses	6,772	7,538	14,310
Public Employees Retirement	76,075	70,140	146,215
Hospitalization	158,826	135,615	294,441
Advertising and Printing	2,006	0	2,006
Worker's Compensation	0	626	626
County and State Tax Expense	8,904	0	8,904
Other Expenses	101,274	61,298	162,572
Medicare	7,683	7,627	15,310
Contract Services	51,487	2,471	53,958
<i>Total Cash Disbursements</i>	<u>1,078,886</u>	<u>976,846</u>	<u>2,055,732</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,319)</u>	<u>311,170</u>	<u>269,851</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	25,000	25,000
Transfers Out	(25,000)	0	(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(66,319)</u>	<u>336,170</u>	<u>269,851</u>
<i>Fund Cash Balances, January 1</i>	<u>722,153</u>	<u>2,029,753</u>	<u>2,751,906</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	2,365,923	2,365,923
Assigned	55,495	0	55,495
Unassigned	600,339	0	600,339
<i>Fund Cash Balances, December 31</i>	<u><u>\$655,834</u></u>	<u><u>\$2,365,923</u></u>	<u><u>\$3,021,757</u></u>

*See accompanying notes to the basic financial statements*

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Geauga Public Health, Geauga County, as a body corporate and politic. A five-member Board and a Health Commissioner govern Geauga Public Health. Geauga Public Health's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

Geauga Public Health's management believes these financial statements present all activities for which Geauga Public Health is financially accountable.

**Public Entity Risk Pool**

Geauga Public Health participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

Geauga Public Health's financial statements consist of a combined statement of cash receipts, cash disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

***Fund Accounting***

Geauga Public Health uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of Geauga Public Health are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to Geauga Public Health for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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. Geauga Public Health had the following significant Special Revenue Funds:

***Sewage Treatment Fund*** This is a local fund for administering the 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).

***Health for Sale of Property Fund*** This is a combined Federal and State grant fund for planning and preparing Geauga Public Health to respond to public health emergencies.

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Basis of Accounting***

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.

***Budgetary Process***

The Ohio Revised Code requires Geauga Public Health to budget each fund annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Geauga Public Health Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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.

***Encumbrances*** The Ohio Revised Code requires Geauga Public Health 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 2018 budgetary activity appears in Note 3.

***Capital Assets***

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

***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 Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which Geauga Public Health must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** Geauga Public Health classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***Committed*** Geauga Public Health can *commit* amounts via formal action (resolution). Geauga Public Health must adhere to these commitments unless the Board amends 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.

***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.

***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.

Geauga Public Health 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.

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018, follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,215,430	\$1,037,567	(\$177,863)
Special Revenue	1,311,118	1,313,016	1,898
Total	\$2,526,548	\$2,350,583	(\$175,965)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,607,949	\$1,159,381	\$448,568
Special Revenue	1,652,481	1,068,455	584,026
Total	\$3,260,430	\$2,227,836	\$1,032,594

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Geauga County Treasurer is custodian for Geauga Public Health’s deposits. The County’s deposit and investment pool holds Geauga Public Health’s assets, valued at the Treasurer’s reported carrying amount.

**Note 5 – Intergovernmental Funding and Property Taxes**

***Intergovernmental Funding***

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

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Intergovernmental Funding and Property Taxes (Continued)**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction Geauga Public Health is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of Geauga Public Health.

**Note 6 – Risk Management**

***Risk Pool Membership***

Geauga Public Health is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<b><u>2018</u></b>
Cash and Investments	\$35,381,789
Actuarial Liabilities	12,965,015

During 2018, Geauga Public Health made payments to the pool totaling \$26,072, while keeping its line of coverage consistent with prior years.

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Geauga Public Health’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. OPERS members contributed 10 percent of their gross salaries and Geauga Public Health contributed an amount equaling 14 percent of participants’ gross salaries. Geauga Public Health has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent during calendar year 2018.

**Note 9 – Contingent Liabilities**

Geauga Public Health is named as a defendant in an employment lawsuit, currently in Federal Court. Although management cannot presently determine the outcome of this suit, management believes the resolution of this matter will not have materially adverse effect on Geauga Public Health’s financial condition.

Amounts grantor agencies pay to Geauga Public Health are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grants may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**Geauga Public Health**

*Geauga County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Taxes	\$547,738	\$0	\$547,738
Intergovernmental:	108,019	270,185	378,204
Fines and Fees	223,371	463,046	686,417
Licenses and Permits	144,910	533,296	678,206
Miscellaneous	41,895	13,445	55,340
<i>Total Cash Receipts</i>	<u>1,065,933</u>	<u>1,279,972</u>	<u>2,345,905</u>
<b>Cash Disbursements</b>			
Salaries	655,027	452,413	1,107,440
Supplies	18,251	7,399	25,650
Equipment	14,362	28,619	42,981
Contracts - Repair	5,818	694	6,512
State Remittance	90,114	58,026	148,140
Travel and Expenses	9,348	4,736	14,084
Public Employees Retirement	91,828	64,996	156,824
Hospitalization	161,437	138,317	299,754
Advertising and Printing	7,994	0	7,994
Worker's Compensation	3,557	1,822	5,379
County and State Tax Expense	9,403	0	9,403
Other Expenses	102,999	183,926	286,925
Unemployment	4,373	0	4,373
Medicare	9,433	6,446	15,879
Contract Services	46,398	6,265	52,663
<i>Total Cash Disbursements</i>	<u>1,230,342</u>	<u>953,659</u>	<u>2,184,001</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(164,409)</u>	<u>326,313</u>	<u>161,904</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	2,300	1,500	3,800
Transfers In	0	575,000	575,000
Transfers Out	(75,000)	(500,000)	(575,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(72,700)</u>	<u>76,500</u>	<u>3,800</u>
<i>Net Change in Fund Cash Balances</i>	<u>(237,109)</u>	<u>402,813</u>	<u>165,704</u>
<i>Fund Cash Balances, January 1</i>	<u>959,262</u>	<u>1,626,940</u>	<u>2,586,202</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	2,029,753	2,029,753
Assigned	466,622	0	466,622
Unassigned	255,531	0	255,531
<i>Fund Cash Balances, December 31</i>	<u><u>\$722,153</u></u>	<u><u>\$2,029,753</u></u>	<u><u>\$2,751,906</u></u>

*See accompanying notes to the basic financial statements*

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

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**Public Entity Risk Pool**

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**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

Geauga Public Health’s financial statements consist of a combined statement of cash receipts, cash disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

***Fund Accounting***

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***Health for Sale of Property Fund*** This is a combined Federal and State grant fund for planning and preparing Geauga Public Health to respond to public health emergencies.

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Basis of Accounting***

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.

***Budgetary Process***

The Ohio Revised Code requires Geauga Public Health to budget each fund annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Geauga Public Health Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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.

***Encumbrances*** The Ohio Revised Code requires Geauga Public Health 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 2017 budgetary activity appears in Note 3.

***Capital Assets***

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

***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 Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which Geauga Public Health must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** Geauga Public Health classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***Committed*** Geauga Public Health can *commit* amounts via formal action (resolution). Geauga Public Health must adhere to these commitments unless the Board amends 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.

***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.

***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.

Geauga Public Health 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.

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017, follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,361,761	\$1,068,233	(\$293,528)
Special Revenue	2,306,499	1,856,472	(450,027)
Total	\$3,668,260	\$2,924,705	(\$743,555)

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$2,033,324	\$1,379,445	\$653,879
Special Revenue	2,288,108	1,512,754	775,354
Total	\$4,321,432	\$2,892,199	\$1,429,233

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Geauga County Treasurer is custodian for Geauga Public Health’s deposits. The County’s deposit and investment pool holds Geauga Public Health’s assets, valued at the Treasurer’s reported carrying amount.

**Note 5 – Intergovernmental Funding and Property Taxes**

***Intergovernmental Funding***

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

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Intergovernmental Funding and Property Taxes (Continued)**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction Geauga Public Health is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of Geauga Public Health.

**Note 6 – Risk Management**

Geauga Public Health is exposed to various risks of property and casualty losses, and injuries to employees.

Geauga Public Health insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Geauga Public Health belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 – Risk Management (Continued)**

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, Geauga Public Health’s share of these unpaid claims collectible in future years is approximately \$220,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2017 Contributions to PEP</u></b>
\$29,449

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Geauga Public Health**  
*Geauga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Geauga Public Health'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. OPERS members contributed 10 percent of their gross salaries and Geauga Public Health contributed an amount equaling 14 percent of participants' gross salaries. Geauga Public Health has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1 percent during calendar year 2017. The portion of employer contributions allocated to health care for members in the member-directed plan was 2 percent during calendar year 2017.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to Geauga Public Health are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grants may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# OHIO AUDITOR OF STATE KEITH FABER



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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 Public Health  
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 cash balances, receipts, and disbursements by fund type of Geauga Public Health, Geauga County, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 23, 2019 wherein we noted Geauga Public Health 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 Geauga Public Health'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 Geauga Public Health'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 Geauga Public Health'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 Geauga Public Health'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 Geauga Public Health's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering Geauga Public Health's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

December 23, 2019



# **GEAUGA PUBLIC HEALTH<sup>SM</sup>**

*Promoting and Protecting Community Health*

470 Center Street, Building 8, Chardon OH 44024-1071  
440.279.1900 • www.gphohio.org

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Financial Reporting	Partially Corrected	Repeated as management letter comment

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**GEAUGA PUBLIC HEALTH**

**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  
DECEMBER 31, 2019**