

***PORTAGE COUNTY
COMBINED GENERAL HEALTH DISTRICT***

PORTAGE COUNTY

Audit Report

For the Years Ended December 31, 2018 and 2017



OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board
Portage County Combined General Health District
705 Oakwood St, Ste 208
Ravenna, OH 44266

We have reviewed the *Independent Auditor's Report* of the Portage County Combined General Health District, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Portage County Combined General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 23, 2019

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**Portage County Combined General Health District
Portage County**

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INDEPENDENT AUDITOR'S REPORT

Portage County Combined General Health District
Portage County
705 Oakwood Street, Suite 208
Ravenna, Ohio 44266

To the Board of Health:

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 the Portage County Combined General Health District, Portage County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 determined, 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, 2018 and 2017, 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 cash balances, receipts and disbursements by fund type, and related notes of the Portage County Combined General Health District, Portage 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 21, 2019

Portage County Combined General Health District
Portage 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)
Cash Receipts			
Property Taxes	\$ 1,083,147	\$ -	\$ 1,083,147
Clinic Fees	76,991	-	76,991
Licenses, Permits, Registrations and Fees	260,014	677,084	937,098
Intergovernmental	609,971	352,453	962,424
Contractual Services	397,328	65,695	463,023
Miscellaneous	1,419	-	1,419
<i>Total Cash Receipts</i>	2,428,870	1,095,232	3,524,102
Cash Disbursements			
Current:			
Health:			
Personnel Services	1,442,950	874,514	2,317,464
Contractual Services	490,289	96,601	586,890
Materials and Supplies	161,076	35,009	196,085
Miscellaneous	2,228	56,818	59,046
<i>Total Cash Disbursements</i>	2,096,543	1,062,942	3,159,485
<i>Excess of Receipts Over (Under) Disbursements</i>	332,327	32,290	364,617
Other Financing Receipts (Disbursements)			
Advances In	25,000	-	25,000
Advances Out	-	(25,000)	(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	25,000	(25,000)	-
Extraordinary Item	52,766	13,440	66,206
<i>Net Change in Fund Cash Balances</i>	410,093	20,730	430,823
<i>Fund Cash Balances, January 1</i>	2,023,626	542,457	2,566,083
Fund Cash Balances, December 31			
Restricted	-	563,187	563,187
Assigned	334,345	-	334,345
Unassigned	2,099,374	-	2,099,374
<i>Fund Cash Balances, December 31</i>	\$ 2,433,719	\$ 563,187	\$ 2,996,906

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

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 Portage County Combined General Health District, Portage County, (the District) as a body corporate and politic. The District is directed by an eight-member Board, who are appointed by the District Advisory Council and the Mayors of the Cities of Aurora, Ravenna and Streetsboro. The Board appoints a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, issuing health-related licenses and permits, and health education and promotion.

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 Portage County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

1. Summary of Significant Accounting Policies (continued)

Infrastructure Fund – This is a Federal grant fund that accounts for the Public Health Emergency Preparedness Program.

Food Service Fund - This fund receives monies from the sale of food service and vending licenses.

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.

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 2018 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.

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

1. Summary of Significant Accounting Policies (continued)

2. Restricted

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

3. Committed

The Board can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Board 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.

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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

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 cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as leaving employment or retirement, employees are entitled to cash payouts for unused leave. The financial statements do not include a liability for unpaid leave.

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

1. Summary of Significant Accounting Policies (continued)

I. Extraordinary Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District received three settlements during 2018 that are reported as extraordinary items.

2. 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	\$ 2,120,613	\$ 2,481,636	\$ 361,023
Special Revenue	1,106,665	1,108,672	2,007

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,976,839	\$ 2,213,233	\$ 763,606
Special Revenue	1,345,594	1,092,943	252,651

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 \$1,083,147 in 2018. The financial statements present these amounts as property tax receipts.

4. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, 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, 2018.

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

5. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, 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 0% during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2018.

6. Risk Management

Risk Pool Membership

The District 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 District'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:

<u>2018</u>	
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

7. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

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

8. Interfund Activity

Outstanding advances at December 31, 2018, consisted of \$15,000 advanced to the Infrastructure Fund from the General Fund and \$70,000 advanced to the Food Service Fund from the General Fund.

Portage County Combined General Health District
Portage 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)
Cash Receipts			
Property Taxes	\$ 1,068,039	\$ -	\$ 1,068,039
Clinic Fees	87,068	-	87,068
Licenses, Permits, Registrations and Fees	230,316	648,391	878,707
Intergovernmental	609,134	407,709	1,016,843
Contractual Services	432,998	65,072	498,070
Miscellaneous	7,702	2,500	10,202
<i>Total Cash Receipts</i>	<u>2,435,257</u>	<u>1,123,672</u>	<u>3,558,929</u>
Cash Disbursements			
Current:			
Health:			
Personnel Services	1,432,301	816,937	2,249,238
Contractual Services	537,239	101,773	639,012
Materials and Supplies	174,611	71,126	245,737
Equipment	44,042	-	44,042
Miscellaneous	2,754	55,575	58,329
<i>Total Cash Disbursements</i>	<u>2,190,947</u>	<u>1,045,411</u>	<u>3,236,358</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	244,310	78,261	322,571
Other Financing Receipts (Disbursements)			
Advances In	-	85,000	85,000
Advances Out	(85,000)	-	(85,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(85,000)</u>	<u>85,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	159,310	163,261	322,571
<i>Fund Cash Balances, January 1</i>	<u>1,864,316</u>	<u>379,196</u>	<u>2,243,512</u>
Fund Cash Balances, December 31			
Restricted	-	542,457	542,457
Assigned	843,037	-	843,037
Unassigned	1,180,589	-	1,180,589
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,023,626</u>	<u>\$ 542,457</u>	<u>\$ 2,566,083</u>

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

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 Portage County Combined General Health District, Portage County, (the District) as a body corporate and politic. The District is directed by a seven-member Board, who are appointed by the District Advisory Council and the Mayors of the Cities of Aurora and Streetsboro. The Board appoints a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and issuing 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 Portage County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

1. Summary of Significant Accounting Policies (continued)

Infrastructure Fund – This is a Federal grant fund that accounts for the Public Health Emergency Preparedness Program.

Food Service Fund - This fund receives monies from the sale of food service and vending licenses.

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.

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 2017 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.

PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

1. Summary of Significant Accounting Policies (continued)

2. Restricted

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

3. Committed

The Board can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Board 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.

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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

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 cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as leaving employment or retirement, employees are entitled to cash payouts for unused leave. The financial statements do not include a liability for unpaid leave.

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2. 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	\$ 2,348,113	\$ 2,435,257	\$ 87,144
Special Revenue	1,071,599	1,123,672	52,073

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,725,225	\$ 2,210,360	\$ 514,865
Special Revenue	1,285,194	1,045,411	239,783

3. Property Taxes

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 \$1,068,039 in 2017. The financial statements present these amounts as property tax receipts.

4. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2017, 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, 2017.

5. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, 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% during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2017.

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

6. Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District 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.

Financial Position

PEP's financial statements (audited by other auditors) 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, the District's share of these unpaid claims collectible in future years is approximately \$9,000.

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.

**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

6. Risk Management (continued)

<u>2017 Contributions to PEP</u> \$15,045
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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.

7. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

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

8. Interfund Activity

Outstanding advances at December 31, 2017, consisted of \$15,000 advanced to the Infrastructure Fund from the General Fund, \$70,000 advanced to the Food Service Fund from the General Fund, and \$25,000 advanced to the Maternal Child Health Fund from the General Fund.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Portage County Combined General Health District
Portage County
705 Oakwood Street, Suite 208
Ravenna, Ohio 44266

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Portage County Combined General Health District, Portage County (the District) 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 May 21, 2019, 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

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

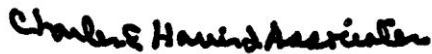
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
May 21, 2019

Portage County Combined General Health District
Portage County
Schedule of Prior Audit Findings
(Prepared by Management)
For the Years Ended December 31, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Audit Adjustments and Reclassifications	Fully Corrected	
2016-002	Budgetary Note Disclosures	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT

PORTAGE 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 6, 2019**