

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

***TRUMBULL COUNTY***

Regular Audit

For the Years Ended December 31, 2022 and 2021





OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Health  
Portage County Combined General Health District  
999 East Main Street  
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of Portage County Combined General Health District, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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. Portage County Combined General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 13, 2023

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**Portage County Combined General Health District  
Portage County  
For the Years Ended December 31, 2021 and 2022**

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**Charles E. Harris & Associates, Inc.**

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**INDEPENDENT AUDITOR'S REPORT**

Portage County Combined General Health District  
Portage County  
999 East Main Street  
Ravenna, OH 44266

To the Board of Health:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Portage County Combined General Health District, Portage County, Ohio (the District), which comprise the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that 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 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2023, 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. 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 District's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*

June 27, 2023

**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, 2022*

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts</b>			
Property Taxes	\$ 1,144,403	\$ -	\$ 1,144,403
Clinic Fees	59,769	-	59,769
Licenses, Permits, Registrations and Fees	237,116	835,912	1,073,028
Intergovernmental	561,657	2,508,656	3,070,313
Contractual Services	412,266	-	412,266
Special Assessments	2,239	-	2,239
Miscellaneous	46,287	1,000	47,287
<i>Total Cash Receipts</i>	<u>2,463,737</u>	<u>3,345,568</u>	<u>5,809,305</u>
<b>Cash Disbursements</b>			
Personnel Services	1,749,450	2,070,518	3,819,968
Contractual Services	726,637	1,082,745	1,809,382
Materials and Supplies	154,826	65,228	220,054
Capital Outlay	1,209,170	36,794	1,245,964
Other Expenses	5,379	66,681	72,060
Debt Service:			
Principal Retirement	38,000	-	38,000
Interest & Fiscal Charges	9,025	-	9,025
<i>Total Cash Disbursements</i>	<u>3,892,487</u>	<u>3,321,966</u>	<u>7,214,453</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,428,750)	23,602	(1,405,148)
<b>Other Financing Receipts (Disbursements)</b>			
Loan Proceeds	760,000	-	760,000
Advances In	670,000	120,000	790,000
Advances Out	(120,000)	(670,000)	(790,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,310,000</u>	<u>(550,000)</u>	<u>760,000</u>
<i>Net Change in Fund Cash Balances</i>	(118,750)	(526,398)	(645,148)
<i>Fund Cash Balances, January 1</i>	<u>1,592,848</u>	<u>2,410,843</u>	<u>4,003,691</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,474,098</u>	<u>\$ 1,884,445</u>	<u>\$ 3,358,543</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, 2022*

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**Note 1 – Reporting 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 the Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues, 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.

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

***Basis of Presentation***

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

***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:

***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 the District 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. The District had the following significant Special Revenue Funds:

***Women, Children and Infants Fund*** This is a federal grant fund that accounts for the support programs of women, children and infants of the District.

***FEMA Grant Funds*** This is a federal grant fund that provides for the relief of citizens of the District after unavoidable disasters.

***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(C). 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).

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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(C) permit.

***Budgetary Process***

The Ohio Revised Code requires the District to budget each fund annually.

***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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

***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 2022 budgetary activity appears in Note 3.

***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.

***Capital Assets***

The District 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.

***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:

***Nonspendable*** The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

**Portage County Combined General Health District**

**Portage County**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**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** The Board can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2022 is as follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,308,995	\$ 3,223,737	\$ (85,258)
Special Revenue	4,173,745	3,345,568	(828,177)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 4,754,343	\$ 3,892,487	\$ 861,856
Special Revenue	5,342,298	3,321,966	2,020,332

**Portage County Combined General Health District**

***Portage County***

*Notes to the Financial Statements  
For the Year Ended December 31, 2022*

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**Note 4 - 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.

**Note 5 – 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 \$1,144,403 in 2022. The financial statements present these amounts as property tax receipts.

Also included under Intergovernmental Funding are Ohio Department of Health Grants that include Federal Grant Funds. The grants are as follows:

<u>Grant</u>	<u>Project No.</u>	<u>CDEFA No.</u>
Integrated Naloxone Access	06710014IN0423	93.788
Public Health Emergency Preparedness	06710012PH1322	93.069
Public Health Emergency Preparedness	06710012PH1423	93.069
Get Vaccinated Ohio - Public Health	06710012GV0422	93.268
Get Vaccinated Ohio - Public Health	06710012GV0523	93.268
WIC Administration	06710011WA0322	10.557
WIC Administration	06710011WA0423	10.557
COVID-19 Enhanced Operations	06710012EO0222	93.323
COVID-19 Enhanced Operations	06710012EO0121	93.323
Public Health Workforce	06710012WF0122	93.354
COVID-19 Vaccination	06710012CN0122	93.268
Community Health Worker Workforce	068710011WD0123	93.391

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***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 (latest information available):

	2021
Cash and investments	\$41,996,850
Actuarial liabilities	14,974,099

**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

District 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% 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, 2022.

**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, 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 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2022.

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2022

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**Note 8 – Postemployment Benefits (continued)**

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Mortgage	\$722,000	3.75%

In 2022, the District purchased an office building using a mortgage from Portage Community Bank. The District mortgaged \$760,000 at a 3.75% interest rate, and will make semi-annual payments up to March of 2032. The mortgage will be paid out of the General Fund.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending</u> <u>December 31:</u>	<u>Building</u> <u>Mortgage</u>
2023	\$102,723
2024	99,900
2025	96,944
2026	94,054
2027	91,164
2028 - 2032	<u>374,517</u>
Total	<u><u>\$859,302</u></u>

**Note 10 – Contingent Liabilities**

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District’s financial condition.



**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 - Interfund Balances**

Outstanding advances at December 31, 2022 were advanced to the following funds to provide working capital for operations or projects:

<b>Fund Number</b>	<b>Fund</b>	<b>Amount Outstanding</b>
8901	PHEP	\$ 73,400
8903	Food Service	70,000
8904	Private Water	10,000
8905	GVO	20,000
8906	Park/Camp	10,000
8910	CMH	22,000
8914	Safe Communities	20,000
8916	WIC	215,000
8920	Enhanced Operations	225,000
8923	FEMA	300,000
8924	COVID-19 Vaccination	100,000
8925	Community Health	10,000
8926	Detection & Mitigation	10,000

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the District had no encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

**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, 2021*

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts</b>			
Property Taxes	\$ 1,133,632	\$ -	\$ 1,133,632
Clinic Fees	41,347	-	41,347
Licenses, Permits, Registrations and Fees	242,253	884,688	1,126,941
Intergovernmental	544,628	2,445,617	2,990,245
Contractual Services	396,591	12,549	409,140
Special Assessments	4,073	-	4,073
Miscellaneous	13,517	7,930	21,447
<i>Total Cash Receipts</i>	<i>2,376,041</i>	<i>3,350,784</i>	<i>5,726,825</i>
<b>Cash Disbursements</b>			
Personnel Services	1,627,546	2,144,229	3,771,775
Contractual Services	491,706	751,775	1,243,481
Materials and Supplies	129,607	153,652	283,259
Equipment	7,550	52,345	59,895
Miscellaneous	890	67,934	68,824
<i>Total Cash Disbursements</i>	<i>2,257,299</i>	<i>3,169,935</i>	<i>5,427,234</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>118,742</i>	<i>180,849</i>	<i>299,591</i>
<b>Other Financing Receipts (Disbursements)</b>			
Public Entity Risk Pooling	-	1,000	1,000
Advances In	-	1,126,002	1,126,002
Advances Out	(1,116,300)	(9,702)	(1,126,002)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(1,116,300)</i>	<i>1,117,300</i>	<i>1,000</i>
<i>Net Change in Fund Cash Balances</i>	<i>(997,558)</i>	<i>1,298,149</i>	<i>300,591</i>
<i>Fund Cash Balances, January 1</i>	<i>2,590,406</i>	<i>1,112,694</i>	<i>3,703,100</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,592,848</i>	<i>\$ 2,410,843</i>	<i>\$ 4,003,691</i>

*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, 2021*

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**Note 1 – Reporting 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 the Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues, 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.

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

***Basis of Presentation***

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

***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:

***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 the District 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. The District had the following significant Special Revenue Fund:

***Women, Children and Infants Fund*** This is a federal grant fund that accounts for the support programs of women, children and infants of the District.

***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(C). 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).

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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(C) permit.

***Budgetary Process***

The Ohio Revised Code requires the District to budget each fund annually.

***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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

***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 2021 budgetary activity appears in Note 3.

***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.

***Capital Assets***

The District 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.

***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:

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2021

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Nonspendable*** The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

***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*** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2021 is as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,506,308	\$ 2,376,041	\$ (130,267)
Special Revenue	4,417,149	3,351,784	(1,065,365)
2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursement	Variance
General	\$ 4,961,636	\$ 3,373,599	\$ 1,588,037
Special Revenue	5,054,380	3,688,422	1,365,958

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 4 - 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.

**Note 5 – 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 \$1,133,632 in 2021. The financial statements present these amounts as property tax receipts.

Also included under Intergovernmental Funding are Ohio Department of Health Grants that include Federal Grant Funds. The grants are as follows:

<u>Grant</u>	<u>Project No.</u>	<u>CDEFA No.</u>
Integrated Naloxone Access	06710014IN0322	93.788
Integrated Naloxone Access	06710014IN0423	93.788
Public Health Emergency Preparedness	06710012PH1322	93.069
Public Health Emergency Preparedness	06710012PH1221	93.069
Get Vaccinated Ohio - Public Health	06710012GV0422	93.268
Get Vaccinated Ohio - Public Health	06710012GV0322	93.268
WIC Administration	06710011WA0120	10.557
WIC Administration	06710011WA0221	10.557
Coronavirus Response	06710012CO120	93.354
Coronavirus Response - Supplemental	06710012CO0121	21.019
COVID-19 Vaccine Needs Assessment	06710012VN0121	21.019
COVID-19 Contract Tracing	06710012CT0120	21.019
COVID-19 Contract Tracing Supplemental	06710012CT0121	93.323
COVID-19 Vaccine Equity Supplemental	06710012VE0121	93.268
Public Health Workforce	06710012WF0122	93.354

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***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>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	14,974,099

**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

District 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% 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, 2021.

**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, 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 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2021.

**Portage County Combined General Health District**  
**Portage County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 - Contingent Liabilities**

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

**Note 10 - Interfund Balances**

Outstanding advances at December 31, 2021 were advanced to the following funds to provide working capital for operations or projects:

<u>Fund Number</u>	<u>Fund</u>	<u>Amount Outstanding</u>
8901	PHEP	\$ 73,400
8903	Food Service	70,000
8904	Private Water	10,000
8905	GVO	20,000
8906	Park/Camp	10,000
8910	CMH	22,000
8912	Coronavirus Relief	75,000
8913	Motorcycle Ohio	20,000
8914	Safe Communities	20,000
8916	WIC	215,000
8918	Contract Tracing	175,000
8920	Enhanced Operations	225,000
8922	Workforce Development	400,000
8923	FEMA	300,000

Outstanding advances at year end 2020 were understated by \$74,100.

**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balance of this amount was as follows:

<u>Fund Balances</u>	<u>Special Revenue</u>
Outstanding Encumbrances	\$ 508,785

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Portage County Combined General Health District  
Portage County  
999 East Main Street  
Ravenna, OH 44266

To the Board of Health:

We have audited, 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Portage County Combined General Health District, Portage County, (the District) and have issued our report thereon dated June 27, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2022-001 to be a material weakness.

***Report on Compliance and Other Matters***

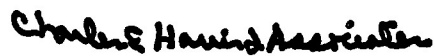
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2022-002.

***District's Responses to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

***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 & Associates, Inc.***

June 27, 2023

**Portage County Combined General Health District**

*Portage County*

*Schedule of Findings*

*December 31, 2022 and 2021*

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

**Finding Number: 2022-001 – Material Weakness**

**Financial Report Filing**

Based on our review of the 2022 financial report, we noted the annual financial report filed by the District to the Hinkle System was not the correct report prepared by the District. Most of the revenues, expenses, fund balances, and notes amounts required adjustments. The adjustments were made in the 2022 financial report.

Also in 2021, we noted special assessments were posted to the licenses, permits, registrations and fees line item in the General Fund. These transactions should have been recorded as under the special assessments line item on the financial statements. The adjustments were made in the 2021 financial report.

We recommend the District put into place internal control procedures to review the financial report filed to Hinkle prior to filing to mitigate the risk of misposting. We also recommend the Finance Director utilize the account coding provided in the District Handbook to ensure that the District’s financial transactions are properly recorded. This will improve the reliability of the financial statements by allowing for early detection of errors and irregularities and establish a tone in the organization, which emphasizes the importance of reliable financial records.

**Management’s Response:**

See Corrective Action Plan.

**Finding Number: 2022-002 – Noncompliance**

**Certification of Expenditures**

Ohio Rev. Code Section 3709.28 and 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now Certificates” – If the fiscal officer can certify that both at the time that contract or order was made (“then”) and at the time that the fiscal officer was completing the certification (“now”), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for payment of the amount due. The District has thirty days from the receipt of the “then and now” certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

**Portage County Combined General Health District**

***Portage County***

*Schedule of Findings – (continued)*

*December 31, 2022 and 2021*

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)
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**Finding Number: 2022-002 – Noncompliance – (continued)**

2. Blanket Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificates – The District may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2021 and 2022, 13% and 22%, respectively, of purchase orders tested were not certified by the District prior to incurring the obligation. The transactions had no evidence of the above-mentioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District’s expenditures exceeding budgetary spending limitations, we recommend that the District certify expenditures prior to incurring the liability. The District may also use “then and now” certificates and blanket purchase orders to assist in complying with this requirement.

**Management’s Response:**

See Corrective Action Plan.

**Portage County Combined General Health District**  
**Portage County**  
*Corrective Action Plan*  
*For the Years Ended December 31, 2022 and 2021*  
*Prepared by Management*

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2022-001	The District will implement procedures to ensure all transactions are properly posted in order to report accurate financial statements. The District will also utilize the template provided by the Auditor of State to ensure all necessary elements of the note disclosures are included in the financial report.	Immediately	Branden Burns, Finance Director
2022-002	The District will implement procedures to ensure all transactions are properly certified and approved by the Finance Director prior to purchases being made.	Immediately	Branden Burns, Finance Director

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# OHIO AUDITOR OF STATE KEITH FABER



**PORTAGE COUNTY COMBINED GENERAL HEALTH DISTRICT**

**PORTAGE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 9/26/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)