



**PORTAGE DISTRICT BOARD OF HEALTH
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1998-1997



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Health
Portage District Board of Health
Portage County
449 S. Meridian Street
Ravenna, Ohio 44266

To the Board of Health:

We have audited the accompanying financial statements of the Portage District Board of Health, Portage County, Ohio (the District) as of and for the years ended December 31, 1998 and 1997. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Portage District Board of Health, Portage County, Ohio, as of December 31, 1998 and 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 1999 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 grants.

This report is intended solely for the information and use of management, board of health and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

July 14, 1999

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		
	General	Special Revenue	(Memorandum Only) Total
Revenue Receipts:			
Levies	\$267,078	\$0	\$267,078
Inspection Fees	119,950	0	119,950
Permits	217,067	0	217,067
Fees	0	115,071	115,071
Licenses	73,876	12,695	86,571
Fines	264	0	264
Contractual Service	16,686	0	16,686
Federal Grants	0	35,685	35,685
State Grants	0	21,251	21,251
Other Receipts	145,893	168,284	314,177
Total Cash Receipts	840,814	352,986	1,193,800
Non-Revenue Receipts:			
Reimbursements	38,622	0	38,622
Total Receipts	879,436	352,986	1,232,422
Expenditure Disbursements:			
Salaries	468,479	200,861	669,340
Supplies	29,601	0	29,601
Equipment	1,553	0	1,553
Contracts-Repair	19,335	0	19,335
Contracts-Services	29,827	0	29,827
Travel and Expenses	19,752	11,422	31,174
Advertising and Printing	1,309	0	1,309
P.E.R.S.	66,303	27,227	93,530
Worker's Compensation	19,961	8,410	28,371
Project Fund Expenses - Federal	0	49,656	49,656
Remittance - State	0	10,393	10,393
Project Fund Expenses - State	0	40,845	40,845
Other Expenses	81,205	51,749	132,954
Total Disbursements	737,325	400,563	1,137,888
Total Cash Receipts Over/(Under) Cash Disbursements	142,111	(47,577)	94,534
Fund Cash Balances, January 1	101,338	157,177	258,515
Fund Cash Balances, December 31	\$243,449	\$109,600	\$353,049
Reserves For Encumbrances, December 31	\$22,206	\$25,932	\$48,138

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Governmental Fund Types		
	General	Special Revenue	(Memorandum Only) Total
Revenue Receipts:			
Levies	\$252,980	\$0	\$252,980
Inspection Fees	119,192	0	119,192
Permits	204,122	0	204,122
Fees	0	111,498	111,498
Licenses	70,730	72,170	142,900
Fines	485	0	485
Contractual Service	23,279	0	23,279
Federal Grants	0	21,375	21,375
State Grants	0	24,334	24,334
Other Receipts	167,456	231,248	398,704
Total Cash Receipts	838,244	460,625	1,298,869
Non-Revenue Receipts:			
Reimbursements	38,681	0	38,681
Total Receipts	876,925	460,625	1,337,550
Expenditure Disbursements:			
Salaries	537,325	262,706	800,031
Supplies	55,776	0	55,776
Equipment	242	0	242
Contracts-Repair	11,431	0	11,431
Contracts-Services	5,888	0	5,888
Travel and Expenses	26,020	11,508	37,528
Advertising and Printing	1,206	0	1,206
P.E.R.S.	72,999	35,596	108,595
Worker's Compensation	19,388	7,440	26,828
Project Fund Expenses - Federal	0	7,264	7,264
Remittance - State	0	7,935	7,935
Other Expenses	109,625	120,028	229,653
Total Disbursements	839,900	452,477	1,292,377
Total Cash Receipts Over/(Under) Cash Disbursements	37,025	8,148	45,173
Fund Cash Balances, January 1	64,313	149,029	213,342
Fund Cash Balances, December 31	\$101,338	\$157,177	\$258,515
Reserves For Encumbrances, December 31	\$3,081	\$5,178	\$8,259

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

**PORTAGE DISTRICT BOARD OF HEALTH
DECEMBER 31, 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Portage District Board of Health operates under Section 3709.01, Ohio Revised Code for Health Districts. The Board of Health consists of five members who are elected by the Advisory Council of the Portage District Board of Health, and two members who are appointed by the Mayors of Aurora and Streetsboro cities respectively. They are appointed for five-year overlapping terms. The primary purpose of the Board of Health is to provide a safe environment and promote wellness within the community.

The management believes these financial statements present all activities for which the Board of Health is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report expenditures when commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Portage County Auditor is the Fiscal Agent for The Health District. The investment procedures are restricted by the provisions of the Revised Code. The Board of Health's deposits are held in the depository form by the Portage County Auditor.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Board of Health had the following significant Special Revenue Funds:

Solid Waste Fund - This fund receives receipts for the purchase of licenses and permits for well, septic, plumbing, inspections, etc. that are related to housing activity.

Food Service Fund - This fund receives receipts for the purchase of food service and vending licenses.

**PORTAGE DISTRICT BOARD OF HEALTH
DECEMBER 31, 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

The Board of Health of the Portage District Board of Health annually, on or before the first Monday of April, shall adopt an itemized appropriation measure. Such appropriation measure shall set forth the amounts for the current expenses of such district for the fiscal year beginning on the first day of January of the following year. The appropriation measure, together with an estimate in itemized form, of the several sources of revenue available to the district, including the amount due from the state for the next fiscal year as provided in Section 3709.32 of the Revised Code and the amount which the Board anticipates will be collected in fees during the ensuing fiscal year, shall be certified to the Portage County Auditor and by the County Auditor submitted to the Portage County Budget Commission which may reduce any item in such appropriation measure but may not increase any item or the aggregate of all items.

The aggregate appropriation, as fixed by the Portage County Budget Commission, less the amounts available to the Health District from the several sources of revenue, including the estimated balance from the previous appropriation, shall be apportioned, by the Portage County Auditor among the townships and municipal corporations composing the health district on the basis of taxable valuations in such townships and municipal corporations.

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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Health District to reserve (encumber) appropriations when commitments are made.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Health District.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Board of Health's deposits are held by the Portage County Auditor who maintains a cash and investment pool used by all funds.

**PORTAGE DISTRICT BOARD OF HEALTH
DECEMBER 31, 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1998 & 1997 was as follows:

1998 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Receipts</u>		<u>Variance</u>
	<u>Budgeted</u>	<u>Actual</u>	
General	\$ 889,055	\$ 879,436	(\$9,619)
Special Revenue	<u>346,191</u>	<u>352,986</u>	<u>6,795</u>
Total	<u>\$1,235,246</u>	<u>\$1,232,422</u>	<u>(\$2,824)</u>

1998 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 978,660	\$ 759,531	\$219,129
Special Revenue	<u>350,789</u>	<u>426,495</u>	<u>(75,706)</u>
Total	<u>\$1,329,449</u>	<u>\$1,186,026</u>	<u>\$143,423</u>

1997 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Receipts</u>		<u>Variance</u>
	<u>Budgeted</u>	<u>Actual</u>	
General Fund	\$ 772,175	\$ 876,925	\$104,750
Special Revenue	<u>462,096</u>	<u>460,625</u>	<u>(1,471)</u>
Total	<u>\$1,234,271</u>	<u>\$1,337,550</u>	<u>\$103,279</u>

1997 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 887,366	\$ 842,981	\$44,385
Special Revenue	<u>499,204</u>	<u>457,655</u>	<u>41,549</u>
Total	<u>\$1,386,570</u>	<u>\$1,300,636</u>	<u>\$85,934</u>

**PORTAGE DISTRICT BOARD OF HEALTH
DECEMBER 31, 1998
(Continued)**

4. RETIREMENT SYSTEMS

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The District's PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1998.

5. RISK MANAGEMENT

The Health District has obtained commercial insurance for the following risks:

- Comprehensive property and liability
- Errors and omissions
- Vehicles

6. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Health District's operations as early as Fiscal Year 1999.

The Health District has inventoried computer systems and other electronic equipment necessary to conducting Health District operations:

The Health District uses the Kammand System from Snyder Solutions Incorporated for its financial operations. The Health District is responsible for remediating these systems and is solely responsible for any costs associated with this project. As of December 31, 1998, Snyder Solutions Inc. reports that the system is being remediated. Validation and testing of this system have yet to be completed.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Health District is or will be Year 2000 ready, that the Health District's remediation efforts will be successful in whole or in part, or that parties with whom the Health District does business will be Year 2000 ready.



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**Report of Independent Accountants on Compliance and on Internal Control Required by
Government Auditing Standards**

Board of Health
Portage District Board of Health
Portage County
449 S. Meridian Street
Ravenna, Ohio 44266

To the District Board of Health:

We have audited the accompanying financial statements of the Portage District Board of Health as of and for the year ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated July 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the Internal Control Over Financial Reporting that did not require inclusion in this report, that we have reported to Management of the Portage District Board of Health in a separate letter dated July 14, 1999.

This report is intended for the information and use of management and Board of Health, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

July 14, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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DISTRICT BOARD OF HEALTH

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
JANUARY 25, 2000**