



OHIO AUDITOR OF STATE  
**KEITH FABER**





HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019 .....	5
Notes to the Financial Statements For the Year Ended December 31, 2019 .....	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2018 .....	12
Notes to the Financial Statements For the Year Ended December 31, 2018 .....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	22

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## INDEPENDENT AUDITOR'S REPORT

Hancock County Combined General Health District  
Hancock County  
2225 Keith Parkway  
Findlay, Ohio 45840

To the Members of the Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Hancock County Combined General Health District, Hancock County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to 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 to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, 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 determinable, 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, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, by fund type, and related notes of Hancock County Combined General Health District, Hancock County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Notes 13 and 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

November 20, 2020

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**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services	\$1,183,389	\$106,255	\$1,289,644
Fines, Licenses and Permits	179,274	293,968	473,242
Intergovernmental:			
Apportionments	607,500		607,500
Grants	281,167	212,224	493,391
Miscellaneous	77,499	2,526	80,025
<i>Total Cash Receipts</i>	<u>2,328,829</u>	<u>614,973</u>	<u>2,943,802</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	951,800	387,807	1,339,607
Fringe Benefits	174,655	71,010	245,665
Supplies	478,553	10,131	488,684
Equipment	46,894	32,060	78,954
Contract Services	206,108	42,110	248,218
Travel	930	2,454	3,384
Advertising and Printing	15,830	13,187	29,017
Public Employees Retirement System	131,935	53,470	185,405
Workers' Compensation	8,661	8,581	17,242
Remittance to State	129,555	82,083	211,638
Other	3,602	19,055	22,657
Capital Outlay	1,624,000		1,624,000
Debt Service:			
Principal Retirement	6,382		6,382
Interest and Fiscal Charges	13,608		13,608
<i>Total Cash Disbursements</i>	<u>3,792,513</u>	<u>721,948</u>	<u>4,514,461</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(1,463,684)</u>	<u>(106,975)</u>	<u>(1,570,659)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Proceeds of Notes	1,100,000		1,100,000
Advances In	3,098	13,098	16,196
Advances Out	(13,098)	(3,098)	(16,196)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,090,000</u>	<u>10,000</u>	<u>1,100,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(373,684)</u>	<u>(96,975)</u>	<u>(470,659)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,150,403</u>	<u>287,630</u>	<u>1,438,033</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		190,344	190,344
Assigned	702,238		702,238
Unassigned	74,481	311	74,792
<i>Fund Cash Balances, December 31</i>	<u>\$776,719</u>	<u>\$190,655</u>	<u>\$967,374</u>

See accompanying notes to the basic financial statements

**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY  
NOTE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Hancock County Combined General Health District, Hancock County, Ohio (the District) as a body corporate and politic. The District was created effective January 1, 2016 when the Hancock County District Board of Health merged with the City of Findlay Department of Health. The District's Board of Health consists of seven members with six appointed by the former District Advisory Council, the former governing board of the Hancock County District Board of Health, and one member appointed by the Health District Licensing Council. At least one member of the Board will be a physician and all members should be a resident of the jurisdiction of the District. The terms of office of members will be five years with initial terms to be staggered from one to five years for certain Board members. The Board appoints a full-time Health Commissioner who is the chief administrative officer of the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District participates in the Public Entity Pool of Ohio, a public entity risk pool, see Note 7.

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

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to 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:

***Food Service Fund*** This fund receives receipts from licenses issued for various food operations.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT**  
**HANCOCK COUNTY**  
**NOTE TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
*(Continued)*

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires 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. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires 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 2019 budgetary activity appears in Note 3.

***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.

***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 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.

**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY  
NOTE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,214,352	\$3,431,927	\$217,575
Special Revenue	689,000	628,071	(60,929)
Total	\$3,903,352	\$4,059,998	\$156,646

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,343,037	\$3,912,955	\$430,082
Special Revenue	837,316	736,054	101,262
Total	\$5,180,353	\$4,649,009	\$531,344

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Hancock 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**

After all sources of revenue certified for the ensuing fiscal year, including any amounts in the District health fund from the previous appropriation, including the sources of revenue set forth in Ohio Revised Code, Section 3709.28 as amended from time to time, have been deducted from the budget, the necessary funds to meet the remaining budget shall be apportioned by the County Auditor at 57.50% from the City of Findlay and 42.50% from townships and villages within the County. The proportionate cost share shall be

**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY  
NOTE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

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borne by the City of Findlay and the townships and villages within the County in the same ratio as their population bears to the total population of the area within the jurisdiction of the District. Commencing in 2021, and thereafter, the proportionate cost shall be reviewed and adjusted as determined by the most current data released by the United States Census Bureau. For 2018-2019, the proportionate cost share contribution shall be sum not to exceed \$607,500 per year with the share contributed by the City of Findlay to be a sum not to exceed \$360,000 per year and the share contributed by the townships and villages within the County to be a sum not to exceed \$247,500. For 2020 and 2021, the share contributed by the City of Findlay to be a sum not to exceed \$349,313 and the share contributed by the townships and villages within the County to be a sum not to exceed \$258,187. The financial statements present these amounts as intergovernmental receipts.

**Note 6 – Interfund Balances**

Outstanding advances at December 31, 2019, consisted of \$10,000 advanced to the Injury Prevention Program Special Revenue Fund to provide working capital for operations or projects.

**Note 7 – 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 Workers’ Compensation.

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; and
- Equipment breakdown.

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

	2019
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**Note 8 – Defined Benefit Pension Plan**

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.

**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY  
NOTE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

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The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**Note 9 – 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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 10 – 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.

**Note 11 – Leases**

The District had ten outstanding lease purchase agreements for automobiles and copiers at December 31, 2019.

Amortization of the above leases, including interest, follows:

Year ending December 31,	Leases
2020	\$ 20,346
2021	14,102
2022	3,858
2023	918
2024	<u>689</u>
Total	<u>\$ 39,913</u>

**Note 12 – Long-Term Obligations**

The District's long-term debt activity for the year ended December 31, 2019 was as follows:

**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY  
NOTE TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

	Balance <u>12/31/2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2019</u>	Amount Due in <u>One Year</u>
Notes - Series 2019					
Direct borrowing	\$ -	\$ 1,100,000	\$ (6,382)	\$ 1,093,618	\$ 37,156

Notes - Series 2019: On August 20, 2019, the District issued \$1,100,000 in general obligation notes to provide funding to purchase a new building for operations.

The issue is comprised of general obligation notes, par value \$1,100,000. This note is considered a direct borrowing between the District and Citizens National Bank of Bluffton. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. The interest rate on the notes is 3.91%. Interest payments on the current interest bonds are due on the 15th of each month. The final maturity stated in the issue is September 15, 2029. Principal and interest payments will be paid from the general fund.

The following is a summary of the future debt service requirements to maturity for the Notes - Series 2019:

Year Ending <u>December 31,</u>	Notes - <u>Series 2019</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 37,156	\$ 42,802	\$ 79,958
2021	38,778	41,180	79,958
2022	40,344	39,614	79,958
2023	41,972	37,986	79,958
2024	43,563	36,395	79,958
2025-2029	<u>891,805</u>	<u>147,184</u>	<u>1,038,989</u>
Total	<u>\$ 1,093,618</u>	<u>\$ 345,161</u>	<u>\$ 1,438,779</u>

**Note 13 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services	\$1,261,586	\$93,076	\$1,354,662
Fines, Licenses and Permits	156,497	290,829	447,326
Intergovernmental:			
Apportionments	607,500		607,500
Grants	170,610	258,735	429,345
Other	123,380		123,380
Miscellaneous	98,351	2,236	100,587
<i>Total Cash Receipts</i>	<u>2,417,924</u>	<u>644,876</u>	<u>3,062,800</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	1,099,541	284,913	1,384,454
Fringe Benefits	171,431	77,713	249,144
Supplies	434,754	15,979	450,733
Equipment	13,522	631	14,153
Contract Services	154,796	26,160	180,956
Travel	4,445	9,945	14,390
Advertising and Printing	19,053	4,472	23,525
Public Employees Retirement System	145,825	40,907	186,732
Workers' Compensation	9,079	4,887	13,966
Remittance to State	115,025	82,064	197,089
Other	5,183	40,928	46,111
<i>Total Cash Disbursements</i>	<u>2,172,654</u>	<u>588,599</u>	<u>2,761,253</u>
<i>Excess of Receipts Over Disbursements</i>	<u>245,270</u>	<u>56,277</u>	<u>301,547</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	900	900	1,800
Advances Out	(900)	(900)	(1,800)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	245,270	56,277	301,547
<i>Fund Cash Balances, January 1</i>	<u>905,133</u>	<u>231,353</u>	<u>1,136,486</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		287,630	287,630
Assigned	1,140,143		1,140,143
Unassigned	10,260		10,260
<i>Fund Cash Balances, December 31</i>	<u>\$1,150,403</u>	<u>\$287,630</u>	<u>\$1,438,033</u>

See accompanying notes to the basic financial statements



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

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Hancock County Combined General Health District, Hancock County, Ohio (the District) as a body corporate and politic. The District was created effective January 1, 2016 when the Hancock County District Board of Health merged with the City of Findlay Department of Health. The District's Board of Health consists of seven members with six appointed by the former District Advisory Council, the former governing board of the Hancock County District Board of Health, and one member appointed by the Health District Licensing Council. At least one member of the Board will be a physician and all members should be a resident of the jurisdiction of the District. The terms of office of members will be five years with initial terms to be staggered from one to five years for certain Board members. The Board appoints a full-time Health Commissioner who is the chief administrative officer of the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District participates in the Public Entity Pool of Ohio, a public entity risk pool, see Note 6.

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

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to 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:

***Food Service Fund*** This fund receives receipts from licenses issued for various food operations.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires 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. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires 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 3.

***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.

***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 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.

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,987,700	\$2,418,824	\$431,124
Special Revenue	752,289	645,776	(106,513)
Total	\$2,739,989	\$3,064,600	\$324,611

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,368,027	\$2,190,266	\$177,761
Special Revenue	856,356	595,904	260,452
Total	\$3,224,383	\$2,786,170	\$438,213

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Hancock 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**

After all sources of revenue certified for the ensuing fiscal year, including any amounts in the District health fund from the previous appropriation, including the sources of revenue set forth in Ohio Revised Code, Section 3709.28 as amended from time to time, have been deducted from the budget, the necessary funds to meet the remaining budget shall be apportioned by the County Auditor at 57.50% from the City of Findlay and 42.50% from townships and villages within the County. The proportionate cost share shall be

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

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borne by the City of Findlay and the townships and villages within the County in the same ratio as their population bears to the total population of the area within the jurisdiction of the District. Commencing in 2021, and thereafter, the proportionate cost shall be reviewed and adjusted as determined by the most current data released by the United States Census Bureau. For 2018-2019, the proportionate cost share contribution shall be sum not to exceed \$607,500 per year with the share contributed by the City of Findlay to be a sum not to exceed \$360,000 per year and the share contributed by the townships and villages within the County to be a sum not to exceed \$247,500. For 2020 and 2021, the share contributed by the City of Findlay to be a sum not to exceed \$349,313 and the share contributed by the townships and villages within the County to be a sum not to exceed \$258,187. The financial statements present these amounts as intergovernmental receipts.

**Note 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 Workers’ Compensation.

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; and
- Equipment breakdown.

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

	2018
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

**Note 7 – Defined Benefit Pension Plan**

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

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

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**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 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – 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.

**Note 10 – Leases**

The District had eight outstanding lease purchase agreements for automobiles and copiers at December 31, 2018.

Amortization of the above leases, including interest, follows:

<u>Year ending December 31,</u>	<u>Leases</u>
2019	\$ 20,310
2020	13,548
2021	<u>7,304</u>
Total	<u>\$ 41,162</u>

**Note 11 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Hancock County Combined General Health District  
Hancock County  
2225 Keith Parkway  
Findlay, Ohio 45840

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Hancock County Combined General Health District, Hancock County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2020, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

November 20, 2020



**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Significant Deficiency – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

An error was identified in the accompanying financial statements. In 2018, intergovernmental revenue in the amount of \$123,380 received from the Ohio Department of Health was incorrectly recorded as miscellaneous revenue in the General fund.

This error was not identified and corrected prior to the District preparing its financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failure to complete accurate financial statements could lead to the Board making misinformed decisions. The accompanying financial statements have been adjusted to reflect this change. Additional errors in smaller relative amounts were also noted.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the Board, to help identify and correct errors and omissions.

**Officials' Response:**

Administration acknowledges the Auditor's finding # 2019-001, in which intergovernmental revenue was inadvertently recorded as a miscellaneous revenue in the General fund. This recording mistake occurred at a time where our agency was going through a turnover in our financial staff, due to the departure of our Chief Financial Officer. Since then, and to strengthen our internal controls, we restructured our finances' team to include the Health Commissioner, the Assistant Health Commissioner, and a financial officer. In addition to the Board's Finance Committee members, we should have enough control points to make sure all funds' revenues and expenditures are recorded and acknowledged by the Board of Health correctly into their respective budgetary line items.



# Hancock Public Health

Your Recognized Leader in Population Health

*Karim Baroudi, MPH, Health Commissioner*

## Board of Health

Barbara J. Pasztor, RN, President

William Alge, ESQ

Brian Edler

Karen Sue Jones, RN, MSN

Michael A. Lindamood, MD, MPH

Nancy Moody Russo, JD, BSN, RN

Robin Spoons

Nathaniel Ratnasamy, MD – Medical Director

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material weakness for GASB 54 fund balance classification.	Fully corrected.	

# OHIO AUDITOR OF STATE KEITH FABER



**HANCOCK COUNTY COMBINED GENERAL HEALTH DISTRICT**

**HANCOCK 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 12/8/2020**

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)