



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board
Logan County Health District
310 South Main Street
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditor's Report* of the Logan County Health District, prepared by BHM CPA Group, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

May 14, 2021

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**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Logan County Health District
Logan County
310 South Main Street
Bellefontaine, Ohio 43311

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Logan County Health District, Logan County, Ohio (the District).

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 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably 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, 2020 and 2019, 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 for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent period 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 April 8, 2021, 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.



BHM CPA Group, Inc.
Piketon, Ohio
April 8, 2021

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Charges for Services	\$ 71,219	\$ -	\$ 71,219
Fines, Licenses and Permits	216,475	326,631	543,106
Intergovernmental:			
Apportionments	650,000	-	650,000
Grants	170,114	768,728	938,842
Other	568	2,534	3,102
Total Cash Receipts	<u>1,108,376</u>	<u>1,097,893</u>	<u>2,206,269</u>
Cash Disbursements			
Current:			
Health:			
Salaries	417,916	692,013	1,109,929
Medicare	5,437	9,064	14,501
Supplies	46,780	27,016	73,796
Remittances to State	55,739	152,901	208,640
Equipment	8,974	13,175	22,149
Contracts - Service	34,569	4,784	39,353
Contracts - Repair	8,026	61,213	69,239
Travel	10,417	7,648	18,065
Utilities and Rental	9,892	-	9,892
Advertising and Printing	5,888	-	5,888
Public Employee's Retirement	60,748	92,073	152,821
Worker's Compensation	9,807	6,842	16,649
Hospital/Life Insurance	88,413	23,282	111,695
Other	9,851	4,050	13,901
Total Cash Disbursements	<u>772,457</u>	<u>1,094,061</u>	<u>1,866,518</u>
Excess of Receipts Over Disbursements	335,919	3,832	339,751
Other Financing Receipts (Disbursements)			
Reimbursements	1,175	4,275	5,450
Refunds	(4,719)	-	(4,719)
Transfer In	-	5,059	5,059
Transfers Out	-	(5,059)	(5,059)
Advance In	60,000	40,000	100,000
Advance Out	(40,000)	(60,000)	(100,000)
Total Other Financing Receipts (Disbursements)	<u>16,456</u>	<u>(15,725)</u>	<u>731</u>
Net Change in Fund Cash Balances	352,375	(11,893)	340,482
Fund Cash Balances, January 1	<u>709,331</u>	<u>442,462</u>	<u>1,151,793</u>
Fund Cash Balances, December 31	<u>\$ 1,061,706</u>	<u>\$ 430,569</u>	<u>\$ 1,492,275</u>

See accompanying notes to the financial statements.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Logan County Health District, Logan County, (the District) as a body corporate and politic. A five-member Board and Health Commissioner govern the District. The District's services include communicable disease surveillance and investigation, immunization clinics, inspections, public health nursing services, and issuance of health-related licenses and permits, and maintenance of county birth and death records.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

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

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

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

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

Women, Infants, and Children (WIC) Fund – This Federal grant fund accounts for the Special Supplemental Nutrition Program.

Coronavirus Response Fund – This Federal grant fund accounts for the Coronavirus Response Grant.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated.

A summary of 2020 budgetary activity appears in Note 2.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. **Nonspendable** - The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. **Restricted** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. **Committed** - The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board 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.
4. **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.
5. **Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

G. Property, Plant, and Equipment

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

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,280,500	\$1,109,551	(\$170,949)
Special Revenue	1,387,950	\$1,107,227	(280,723)
Total	<u>\$2,668,450</u>	<u>\$2,216,778</u>	<u>(\$451,672)</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,202,845	\$808,429	\$394,416
Special Revenue	1,431,364	1,156,031	275,333
Total	<u>\$2,634,209</u>	<u>\$1,964,460</u>	<u>\$669,749</u>

3. DEPOSITS AND INVESTMENTS

As required by the Ohio Revised Code, the Logan 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.

4. 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.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5. DEFINED BENEFIT PENSION PLANS

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

The Ohio Revised Code also prescribes contribution rates. For 2020, 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, 2020.

6. 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 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

7. LONG-TERM OBLIGATION

The change in the District’s long-term obligations during 2020 were as follows:

	Balance at 1/1/2020	Additions	Deductions	Balance at 12/31/2020
Building Purchase Loan with Logan County Commissioners	\$ 166,250	\$ -	\$ -	\$ 166,250

On January 9, 2001, the Logan County Commissioners agreed to loan the funds necessary for the purchase of the District Board of Health office facility to the District.

8. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employee.

The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. RISK MANAGEMENT (Continued)

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

Casualty and Property Coverage

APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. At December 31, 2019 (the latest information available), the Pool retained \$500,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) confirm with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019.

	<u>2019</u>
Assets	\$ 54,973,597
Liabilities	<u>(16,440,940)</u>
Net Position	\$ 38,532,657

At December 31, 2019, the liabilities above include approximately \$14.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million of unpaid claims to be billed to approximately 553 member governments in the future, as of December 31, 2019. These amounts will be included in future contributions from members when related claims are due for payment. As of December 31, 2019, the District's share of these unpaid claims collectible in future years is approximately \$0.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The District's financial contribution to PEP for 2020 was \$7,952.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. RISK MANAGEMENT (Continued)

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

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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.

10. IDENTIFICATION OF GRANTS RECEIVED THROUGH OHIO DEPARTMENT OF HEALTH

Federal Entity:	Department of Treasury/Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Coronavirus Response Supplemental
Federal CFDA#:	21.019/93.354
Project Number:	04610012CO0120/04610012CO0121
2020 Receipt Amount:	\$296,784

Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Integrated Naloxone Access and Infrastructure
Federal CFDA#:	93.788
Project Number:	04610014IN0120
2020 Receipt Amount:	\$58,000

Federal Entity:	Department of Treasury/Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	COVID-19 Contact Tracing
Federal CFDA#:	21.019/93.323
Project Number:	04610012CT0120/04610012CT0121
2020 Receipt Amount:	\$136,045

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. IDENTIFICATION OF GRANTS RECEIVED THROUGH OHIO DEPARTMENT OF HEALTH (Continued)

Federal Entity: Department of Health and Human Services
 Pass-Through Entity: Ohio Department of Health
 Federal Grant: Public Health Emergency Preparedness
 Federal CFDA#: 93.069
 Project Number: 04610012PH1120/04610012PH1121
 2020 Receipt Amount: \$85,214

Federal Entity: Department of Agriculture
 Pass-Through Entity: Ohio Department of Health
 Federal Grant: WIC Administration
 Federal CFDA#: 10.557
 Project Number: 04610011WA1320/04610011WA1421
 2020 Receipt Amount: \$179,615

11. FUND BALANCES

Included in fund balance are encumbrances. 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 31,253	\$ 56,911	\$ 88,164

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

12. CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

14. INTERFUND TRANSACTIONS

During 2020, the WIC Fund transferred \$5,059 to the Accumulated Benefits Fund.

In addition, the WIC Fund, Coronavirus Response Fund, Contact Tracing Fund, and the Public Health Infrastructure Fund all repaid outstanding advances to the District's General Fund in the amounts of \$20,000, \$10,000, \$10,000 and \$20,000, respectively.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ 72,315	\$ -	\$ 72,315
Fines, Licenses and Permits	270,587	384,882	655,469
Intergovernmental:			
Apportionments	650,000	-	650,000
Grants	83,656	313,040	396,696
Total Cash Receipts	<u>1,076,558</u>	<u>697,922</u>	<u>1,774,480</u>
Cash Disbursements			
Current:			
Health:			
Salaries	587,865	334,661	922,526
Medicare	7,220	4,520	11,740
Supplies	69,490	15,265	84,755
Remittances to State	53,608	99,930	153,538
Equipment	8,368	5,822	14,190
Contracts - Service	4,361	514	4,875
Contracts - Repair	35,256	47,706	82,962
Travel	13,763	8,998	22,761
Utilities and Rental	9,706	-	9,706
Advertising and Printing	290	-	290
Public Employee's Retirement	80,597	46,133	126,730
Worker's Compensation	7,500	6,338	13,838
Hospital/Life Insurance	82,942	21,400	104,342
Other	12,291	5,143	17,434
Total Cash Disbursements	<u>973,257</u>	<u>596,430</u>	<u>1,569,687</u>
Excess of Receipts Over Disbursements	103,301	101,492	204,793
Other Financing Receipts (Disbursements)			
Reimbursements	179	-	179
Refunds	(60)	-	(60)
Transfer In	75,832	-	75,832
Transfers Out	-	(75,832)	(75,832)
Advance In	40,000	-	40,000
Advance Out	-	(40,000)	(40,000)
Total Other Financing Receipts (Disbursements)	<u>115,951</u>	<u>(115,832)</u>	<u>119</u>
Net Change in Fund Cash Balances	219,252	(14,340)	204,912
Fund Cash Balances, January 1	490,079	456,802	946,881
Fund Cash Balances, December 31			
Restricted	-	442,462	442,462
Assigned	26,588	-	26,588
Unassigned	682,743	-	682,743
Fund Cash Balances, December 31	<u>\$ 709,331</u>	<u>\$ 442,462</u>	<u>\$ 1,151,793</u>

See accompanying notes to the financial statements.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Logan County Health District, Logan County, (the District) as a body corporate and politic. A five-member Board and Health Commissioner govern the District. The District's services include communicable disease surveillance and investigation, immunization clinics, inspections, public health nursing services, and issuance of health-related licenses and permits, and maintenance of county birth and death records.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

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

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

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

Women, Infants, and Children (WIC) Fund – This Federal grant fund accounts for the Special Supplemental Nutrition Program.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated.

A summary of 2019 budgetary activity appears in Note 2.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant, and Equipment

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

H. 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.

2. 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	\$993,500	\$1,152,569	\$159,069
Special Revenue	736,200	697,922	(38,278)
Total	\$1,729,700	\$1,850,491	\$120,791

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,093,968	\$973,317	\$120,651
Special Revenue	847,000	672,262	174,738
Total	\$1,940,968	\$1,645,579	\$295,389

3. DEPOSITS AND INVESTMENTS

As required by the Ohio Revised Code, the Logan 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.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

4. 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.

5. DEFINED BENEFIT PENSION PLANS

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

The Ohio Revised Code also prescribes contribution rates. For 2019, 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.

6. 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.

7. LONG-TERM OBLIGATION

The change in the District’s long-term obligations during 2019 were as follows:

	Balance at 1/1/2019	Additions	Deductions	Balance at 12/31/2019
Building Purchase Loan with Logan County Commissioners	\$ 166,250	\$ -	\$ -	\$ 166,250

On January 9, 2001, the Logan County Commissioners agreed to loan the funds necessary for the purchase of the District Board of Health office facility to the District.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employee.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty and Property Coverage

APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. At December 31, 2018, the Pool retained \$500,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) confirm with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2018 (the latest information available).

	<u>2018</u>
Assets	\$ 49,921,998
Liabilities	<u>(14,676,199)</u>
Net Position	\$ 35,245,799

At December 31, 2018, the liabilities above include approximately \$13 million of estimated incurred claims payable. The assets above also include approximately \$11.8 million of unpaid claims to be billed to approximately 538 member governments in the future, as of December 31, 2018. These amounts will be included in future contributions from members when related claims are due for payment. As of December 31, 2018, the District's share of these unpaid claims collectible in future years is approximately \$0.

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. RISK MANAGEMENT (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The District's financial contribution to PEP for 2019 was \$7,667.

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

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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.

10. INTERFUND TRANSACTIONS

During 2019, the Public Health Nursing Fund transferred \$74,753 to the District's General Fund and the Marina Fund transferred \$1,079. Both transfers were made to close out the respective funds.

In addition, the WIC Fund and the Public Health Infrastructure Fund both repaid outstanding advances to the District's General Fund in the amounts of \$30,000 and \$10,000, respectively.

11. IDENTIFICATION OF GRANTS RECEIVED THROUGH OHIO DEPARTMENT OF HEALTH

Federal Entity:	Department of Agriculture
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	WIC Administration Program
Federal CFDA#:	10.557
Project Number:	04610011WA1219/04610011WA1320
2019 Receipt Amount:	\$179,111

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

11. IDENTIFICATION OF GRANTS RECEIVED THROUGH OHIO DEPARTMENT OF HEALTH (Continued)

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Public Health Emergency Preparedness Program
Federal CFDA#: 93.074
Project Number: 04610012PH1019/04610012PH1120
2019 Receipt Amount: \$73,944

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Integrated Naloxone Access and Infrastructure
Federal CFDA#: 93.788
Project Number: 04610014IN0120
2019 Receipt Amount: \$30,000

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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***

Logan County Health District
Logan County
310 South Main Street
Bellefontaine, Ohio 43311

To 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 for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Logan County Health District, Logan County, (the District) and have issued our report thereon dated April 8, 2021, 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 ensuing emergency measures will 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 2020-001 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of 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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
April 8, 2021

**LOGAN COUNTY HEALTH DISTRICT
LOGAN COUNTY**

SCHEDULE OF FINDINGS

1. SUMMARY OF AUDITOR'S RESULTS

FINDING NUMBER 2020-001

Significant Deficiency – Financial Reporting

Sound financial reporting is the responsibility of management and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the District's internal controls over financial reporting. Misstatements were noted in the following areas:

- Budgetary Activity disclosures
- Deposits and Investments disclosures
- Postemployment Benefits disclosures
- Interfund Transactions disclosures

The above-mentioned misstatements were communicated to and corrected by the District's management. To ensure the District's financial statements and notes to the financial statements are complete and accurate, we recommend the Director of Business Operations review activity on a case by case basis and consult external accounting guidance when needed.

Official's Response:

We did not receive a response from Officials regarding this finding.

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OHIO AUDITOR OF STATE KEITH FABER



LOGAN COUNTY HEALTH DISTRICT

LOGAN 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 5/27/2021

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