



OHIO AUDITOR OF STATE
KEITH FABER



HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Highland County General Health District
Highland County
1487 North High Street Suite 400
Hillsboro, Ohio 45133

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total 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 Highland County General Health District, Highland 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 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, 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 combined total 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 2.

Emphasis of Matter

As discussed in Note 10 to the 2020 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 February 3, 2022, 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
February 3, 2022

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$451,511	\$0	\$0	\$451,511
Fees	170,185	6,102	0	\$176,287
Fines, Licenses and Permits	64,392	73,149	0	\$137,541
Intergovernmental:	146,485	0	0	\$146,485
Grants	621,263	0	0	\$621,263
Reimbursements	32,515	0	0	\$32,515
Other Receipts	350	0	0	\$350
Miscellaneous	0	328	0	\$328
<i>Total Cash Receipts</i>	<u>1,486,701</u>	<u>79,579</u>	<u>0</u>	<u>1,566,280</u>
Cash Disbursements				
Current:				
Health:				
Salaries	561,776	25,110	0	586,886
Supplies	133,367	0	0	133,367
Equipment	72,557	0	0	72,557
Contracts-Repair	387	0	0	387
Contracts-Services	100,326	0	0	100,326
Travel & Expenses	6,877	2,180	0	9,057
Board Member Pay	4,080	0	0	4,080
Advertisement and Printing	1,622	0	0	1,622
Public Employees Retirement System	84,420	3,516	0	87,936
Workers Compensation	3,369	284	0	3,653
Other Expenses	7,073	0	0	7,073
Insurance	128,512	0	0	128,512
Medicare	7,696	851	0	8,547
Remit to State	44,710	7,358	0	52,068
Water Test Fees	59,159	3,246	0	62,405
Intergov Deduct	28,696	0	0	28,696
Debt Service:				
Principal Repayment	31,976	0	0	31,976
<i>Total Cash Disbursements</i>	<u>1,276,603</u>	<u>42,545</u>	<u>0</u>	<u>1,319,148</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	210,098	37,034	0	247,132
Other Financing Receipts (Disbursements)				
Loan Proceeds	31,976	0	0	31,976
<i>Total Other Financing Receipts (Disbursements)</i>	<u>31,976</u>	<u>0</u>	<u>0</u>	<u>31,976</u>
<i>Net Change in Fund Cash Balances</i>	242,074	37,034	0	279,108
<i>Fund Cash Balances, January 1</i>	<u>375,038</u>	<u>64,777</u>	<u>61,620</u>	<u>501,435</u>
<i>Fund Cash Balances, December 31</i>	<u>\$617,112</u>	<u>\$101,811</u>	<u>\$61,620</u>	<u>\$780,543</u>

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Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Highland County General Health District, Highland County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District’s services include communicable disease investigations, immunization clinics, environmental health regulation and inspections, public health nursing services, and issues health-related environmental health licenses and permits.

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 Funds

Restaurant Fund – This fund receives receipts for licenses for food establishments and food service operations.

RV Parks Fund - This fund receives fees for licenses purchased for recreation vehicle park operations.

Swimming Pool Fund - This fund receives fees for licenses purchased for public and or commercial pool operations.

Private Water Fund - This fund receives fees for licenses for private wells and water haulers as well as fees for water samples.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Capital Improvement Fund - This fund receives money from the General Fund for future needs with building and improvement projects.

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).

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 level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received. (budgeted receipts) 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 canceled, and re-appropriated in the subsequent year. We instead used the then and now certificate for any outstanding expenditures not billed prior to year-end.

A summary of 2020 budgetary activity appears in Note 4.

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, however, our annual budget does reflect a cushion for unexpected cash payments.

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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

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

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

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

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$1,034,650	\$1,518,677	\$484,027
Special Revenue	\$68,869	\$79,576	\$10,707
Total	\$1,103,519	\$1,598,253	\$494,734

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,401,500	\$1,276,603	\$124,897
Special Revenue	\$79,880	\$42,545	\$37,335
Total	\$1,481,380	\$1,319,148	\$162,232

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Highland 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 and Property Taxes

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.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 6 – Risk Management

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

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants’ gross salaries. The District has paid all contributions required through December 31, 2020.

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 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.

Note 9 – Debt

In 2019, the District entered into loan agreement #8083 with the Ohio Water Development Authority (OWDA) to participate in the 2018 HSTS Program under the Water Pollution Control Loan Fund Program. In 2020, the District received \$7,590 in loan proceeds. The loan has been paid in full by principal forgiveness from OWDA.

In 2020, the District entered into loan agreement #8463 with the Ohio Water Development Authority (OWDA) to participate in the 2019 HSTS Program under the Water Pollution Control Loan Fund Program. In 2020, the District received \$24,386 in loan proceeds. The loan has been paid in full by principal forgiveness from OWDA.

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – 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.

Note 11 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes	\$518,221	\$0	\$0	\$518,221
Fees	236,583	7,161	0	243,744
Fines, Licenses and Permits	66,259	69,616	0	135,875
Intergovernmental:	75,394	0	0	75,394
Grants	317,526	0	0	317,526
State Reimbursements	34,490	0	0	34,490
Other Receipts	16	0	0	16
Miscellaneous	0	64	0	64
Total Cash Receipts	1,248,489	76,841	0	1,325,330
Cash Disbursements				
Current:				
Health:				
Salaries	489,085	28,334	0	517,419
Supplies	114,986	0	0	114,986
Equipment	3,849	0	0	3,849
Contracts-Repair	1,067	0	0	1,067
Contracts-Services	99,414	0	0	99,414
Travel & Expenses	15,537	3,063	0	18,600
Board Member Pay	3,360	0	0	3,360
Advertisement and Printing	181	0	0	181
Public Employees Retirement System	77,672	3,982	0	81,654
Workers Compensation	4,497	311	0	4,808
Other Expenses	1,664	0	0	1,664
Insurance	118,506	0	0	118,506
Medicare	6,709	569	0	7,278
Remit to State	48,659	7,653	0	56,312
Water Test Fees	155,615	3,241	0	158,856
Debt Service:				
Principal Repayment	189,947	0	0	189,947
Total Cash Disbursements	1,330,748	47,153	0	1,377,901
Excess of Receipts Over (Under) Disbursements	(82,259)	29,688	0	(52,571)
Other Financing Receipts (Disbursements)				
Loan Proceeds	189,947	0	0	189,947
Total Other Financing Receipts (Disbursements)	189,947	0	0	189,947
Net Change in Fund Cash Balances	107,688	29,688	0	137,376
Fund Cash Balances, January 1	267,350	35,089	61,620	364,059
Fund Cash Balances, December 31				
Nonspendable	0	0	0	0
Restricted	0	64,777	61,620	126,397
Committed	0	0	0	0
Assigned	266,850	0	0	266,850
Unassigned (Deficit)	108,188	0	0	108,188
Fund Cash Balances, December 31	\$375,038	\$64,777	\$61,620	\$501,435

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Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Highland County General Health District, Highland County, (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, environmental health regulation and inspections, public health nursing services, and issues health-related environmental health licenses and permits.

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:

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

Restaurant Fund – This fund receives receipts for licenses for food establishments and food service operations.

RV Parks Fund - This fund receives fees for licenses purchased for recreation vehicle park operations.

Swimming Pool Fund - This fund receives fees for licenses purchased for public and or commercial pool operations.

Private Water Fund - This fund receives fees for licenses for private wells and water haulers as well as fees for water samples.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project funds:

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Capital Improvement Fund - This fund receives money from the General Fund for future needs with building and improvement projects.

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).

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. Appropriations lapse at year end when applicable.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts plus cash as of January 1st) 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 canceled, and re-appropriated in the subsequent year..

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, however, our annual budget does reflect a cushion for unexpected cash payments.

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$1,245,952	\$1,438,436	\$192,484
Special Revenue	\$75,182	\$76,841	\$1,659
Total	\$1,321,134	\$1,515,277	\$194,143

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$1,203,675	\$1,330,748	(\$127,073)
Special Revenue	\$48,338	\$47,153	\$1,185
Total	\$1,252,013	\$1,377,901	(\$125,888)

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Highland 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 and Property Taxes

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.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 6 – Risk Management

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

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

- Equipment breakdown

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

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 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 9 – Debt

In 2018, the District entered into loan agreement #7758 with the Ohio Water Development Authority (OWDA) to participate in the 2018 HSTS Program under the Water Pollution Control Loan Fund Program. In 2019, the District received \$17,130 in loan proceeds. The loan has been paid in full by principal forgiveness from OWDA.

In 2019, the District entered into loan agreement #8083 with the Ohio Water Development Authority (OWDA) to participate in the 2019 HSTS Program under the Water Pollution Control Loan Fund Program. In 2019, the District received \$172,817 in loan proceeds. The loan has been paid in full by principal forgiveness from OWDA.

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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

Highland County General Health District
Highland County
1487 North High Street Suite 400
Hillsboro, Ohio 45133

To the Board of Trustees:

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 combined total 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 Highland County General Health District, Highland County, (the District) and have issued our report thereon dated February 3, 2022, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 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 opinion 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
February 3, 2022

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

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.

Due to deficiencies in the District's financial statement monitoring and review process, the District made the following errors in 2019:

- General Fund Assigned fund balance was improperly posted as Unassigned in the amount of \$266,850.
- Recreational Vehicle Parks Fund Restricted fund balance was improperly posted as Unassigned in the amount of \$10,921.
- Swimming Pool Fund Restricted fund balance was improperly posted as Unassigned in the amount of \$4,458.
- Restaurant Fund Restricted fund balance was improperly posted as Unassigned in the amount of \$35,916.
- Private Water System Fund Restricted fund balance was improperly posted as Unassigned in the amount of \$13,483.
- Health Department- Capital Improvement Restricted fund balance was improperly posted as Unassigned in the amount of \$61,620.
- General Fund Intergovernmental Receipts were understated by \$6,973.
- General Fund Fees were overstated by \$3,842.
- General Fund Property Tax receipts were understated by \$39,178.
- A loan from the Ohio Development Water Authority (OWDA) was forgiven in the amount of \$189,947. Therefore, principal repayment and loan proceeds were both understated by this amount.

Due to deficiencies in the District's financial statement monitoring and review process, the District made the following errors in 2020:

- General Fund Intergovernmental Receipts were understated by \$142,680.
- General Fund Property Tax receipts were overstated by \$51,140.

**FINDING NUMBER 2020-001
(Continued)**

- General Fund Reimbursements were overstated by \$87,553.
- A loan from the Ohio Development Water Authority (OWDA) was forgiven in the amount of \$31,976. Therefore, principal repayment and loan proceeds were both understated by this amount.
- Special Revenue Budgeted Expenditures of \$68,869 should have been reported as \$79,880 on the Budget vs. Actual note disclosure.
- Special Revenue Budgeted Receipts of \$79,880 should have been reported as \$68,869 on the Budget vs. Actual note disclosure.

The District corrected the financial statements and accounting records, where appropriate.

The District made additional errors in classifying receipt and disbursement transaction line items in various funds in the Statement of Receipts, Disbursements, and Changes in Fund Balances in amounts ranging from \$5 to \$42,309 in 2019 and \$40 to \$3,987 in 2020. The District did not correct the financial statements for these errors.

Failure to accurately post and report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District.

We recommend that the District review their internal control procedures over financial statement monitoring and review to help ensure financial transactions are accurately recorded.

Officials' Response: We did not receive a response from officials.



Public Health
Prevent. Promote. Protect.

Highland County General Health District

1487 North High St. Suite 400, Hillsboro, OH 45133

Telephone: (937) 393-1941 • Fax: (937) 393-4694 • Email: info@highlandcountyhealth.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Misclassification of revenues, expenses, and fund balances	Not Corrected	Reissued as finding number 2020-001

OHIO AUDITOR OF STATE KEITH FABER



HIGHLAND COUNTY GENERAL HEALTH DISTRICT

HIGHLAND 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 3/1/2022

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