

***CAMBRIDGE – GUERNSEY COUNTY
HEALTH DEPARTMENT***

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021





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Board of Health
Cambridge- Guernsey County Health Department
326 Highland Avenue
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Cambridge- Guernsey County Health Department, Guernsey County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Cambridge- Guernsey County Health Department is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

December 29, 2022

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**CAMBRIDGE – GUERNSEY COUNTY
HEALTH DEPARTMENT**

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INDEPENDENT AUDITOR'S REPORT

Cambridge – Guernsey County Health Department
Guernsey County
326 Highland Avenue
Cambridge, Ohio 43725

To the Board of Health:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Cambridge – Guernsey County Health Department, Guernsey County, Ohio (the Department), which comprise the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Department, as of December 31, 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Department, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Department on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Department. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole.

The Schedule of Expenditures of Federal Awards (Schedule) as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
November 30, 2022

Cambridge-Guernsey County Health Department
Guernsey County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 783,483	\$ -	\$ 783,483
Charges for Services	55,301	5,260	60,561
Fines, Licenses and Permits	69,832	173,033	242,865
Intergovernmental:			
Apportionments	11,200	-	11,200
Grants	50,000	710,323	760,323
Other	91,634	-	91,634
Contractual Services	63,818	-	63,818
Miscellaneous	97,409	50	97,459
<i>Total Cash Receipts</i>	1,222,677	888,666	2,111,343
Cash Disbursements			
Current:			
Health:			
Salaries	478,471	804,922	1,283,393
Fringe Benefits	97,279	106,557	203,836
Fees	-	5,268	5,268
Supplies	51,707	14,013	65,720
Equipment	-	5,350	5,350
Contracts - Services	95,330	9,904	105,234
Remittance to State	105	23,905	24,010
Hospitalization	160,586	7,285	167,871
Other Expense	87,918	4,678	92,596
<i>Total Cash Disbursements</i>	971,396	981,882	1,953,278
<i>Net Change in Fund Cash Balances</i>	251,281	(93,216)	158,065
<i>Fund Cash Balances, January 1</i>	1,146,092	499,223	1,645,315
<i>Fund Cash Balances, December 31</i>	\$ 1,397,373	\$ 406,007	\$ 1,803,380

See accompanying notes to the financial statements

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1- Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Cambridge-Guernsey County Health Department (the Department) as a body corporate and politic. A five-member board and a Health Commissioner govern the Department. The Department's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, public health nursing services and issuance of health-related licenses and permits.

Public Entity Risk Pool

The Department participates in Public Entity Pool (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2- Summary of Significant Accounting Policies

Basis of Presentation

The Department'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 Department 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 Department 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 Department 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 Department had the following significant Special Revenue Fund:

COVID Response Grant Fund The COVID Response Grant Fund is a federal grant fund that receives intergovernmental money for the use of public safety in regards to COVID-19.

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

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Department 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 disbursements 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 (C) permit

Budgetary Process

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

Appropriations Budgetary disbursements (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 Department Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 3.

Capital Assets

The Department 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 leaving employment or retirement, employees are entitled to cash payouts for unused leave. The financial statements do not include a liability for unpaid leave.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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 Department 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 Department 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 10.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3- Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,255,637	\$ 1,222,677	\$ (32,960)
Special Revenue	831,797	888,666	56,869

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,401,729	\$ 1,046,573	\$1,355,156
Special Revenue	1,323,091	997,554	325,537

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Guernsey County Treasurer is custodian for the Department’s deposits. The County’s deposit and investment pool holds the Department’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 Department’s appropriations over other estimated receipts among the townships and municipalities composing the Department, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the Department. 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 Department 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 Department.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 - Risk Management

Risk Pool Membership

The Department 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 Department's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

2021

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

Workers' Compensation

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All Department 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 Department contributed an amount equaling 14% of participants' gross salaries. The Department has paid all contributions required through December 31, 2021.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include 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% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2021.

Note 9 - Contingent Liabilities

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

Amounts grantor agencies pay to the Department are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$75,177	\$ 15,672	\$ 90,849

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

Note 11– 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. Ohio’s state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Department received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Department. The impact on the Department’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

CAMBRIDGE - GUERNSEY COUNTY HEALTH DEPARTMENT
GUERNSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass Through Grantor

Program Title	ALN Number	Pass Through Entity Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed through the Ohio Department of Health</u>			
Special Supplement Food Program for Women, Infants and Children	10.557	03010011WA1421	\$ 163,337
Special Supplement Food Program for Women, Infants and Children	10.557	03010011WA1422	54,984
Total Special Supplement Food Program for Women, Infants and Children			218,321
Total U.S. Department of Agriculture			218,321
<u>U.S. DEPARTMENT OF TREASURY</u>			
<u>Passed through the Ohio Department of Health</u>			
Coronavirus Relief Fund	21.019	03010012CO0121	194,177
Coronavirus Relief Fund	21.019	03010012VN0121	20,000
Coronavirus Relief Fund	21.019	03010012CT0120	28
Total Coronavirus Relief Fund			214,205
Total U.S. Department of Treasury			214,205
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed through the Ohio Department of Health</u>			
Public Health Emergency Preparedness	93.069	03010012PH1221	46,376
Total Public Health Emergency Preparedness			46,376
Family Planning Services	93.217	03010011RH1021	21,498
Family Planning Services	93.217	03010011RH1122	63,326
Total Family Planning Services			84,824
Maternal and Child Health Services Block Grant to States	93.994	03010011RH1021	2,539
Maternal and Child Health Services Block Grant to States	93.994	03010011RH1122	7,479
Total Maternal and Child Health Services Block Grant to States			10,018
Immunization Cooperative Agreements	93.268	03010012VEO121	50,000
Total Immunization Cooperative Agreements			50,000
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	03010012CT0121	30,000
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	03010012EO0121	219,846
Total Epidemiology and Laboratory Capacity for Infectious Diseases			249,846
Total U.S. Department of Health and Human Services			441,064
Total Expenditures of Federal Awards			\$ 873,590

**CAMBRIDGE-GUERNSEY COUNTY HEALTH DEPARTMENT
GUERNSEY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Cambridge-Guernsey County Health Department (the Department) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the statement of receipts, disbursements and changes in fund balance of the Department.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Department has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Department to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Department has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Cambridge – Guernsey County Health Department
Guernsey County
326 Highland Avenue
Cambridge, Ohio 43725

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Cambridge – Guernsey County Health Department, Guernsey County, Ohio (the Department) and have issued our report thereon dated November 30, 2022, wherein we noted the Department followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Department.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain other matter not requiring inclusion in this report that we reported to the Department's management in a separate letter dated November 30, 2022.

Department's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

November 30, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Cambridge – Guernsey County Health Department
Guernsey County
326 Highland Avenue
Cambridge, Ohio 43725

To the Board of Health:

Report on Compliance with Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Cambridge Guernsey County Health Department's (the Department) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Department's major federal programs for the year ended December 31, 2021. The Department's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Department complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Department's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Department's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Department's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Department's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings as items 2021-002 through 2021-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2021-003, to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2021-002 and 2021-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

November 30, 2022

Cambridge – Guernsey County Health Department
Guernsey County
 Schedule of Findings
 2 CFR § 200.515
 December 31, 2021

1. SUMMARY OF AUDITOR’S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified on Regulatory Basis and Adverse on GAAP.
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs’ Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	ALN #21.019 – Coronavirus Relief Fund ALN # 93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

Cambridge – Guernsey County Health Department
Guernsey County
Schedule of Findings (Continued)
2 CFR § 200.515
December 31, 2021

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

FINDING 2021-001 – Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Department's activity. The Department should have procedures in place to prevent or detect misstatements for the accurate presentation of the Department's financial statements and notes to the financial statements. In the 2021 annual report, the Family Planning Fund was reported as a Special Revenue fund type instead of in the General Fund.

Not recording the Family Planning Fund as part of the General Fund accurately resulted in the financial statements requiring adjustment. The financial statement reflects the adjustment.

Also, aspects of the notes to the financial statements were corrected from the Hinkle filing to include accurate information. We made corrections to the:

- Budgetary Activity
- Risk Management
- Fund Balance

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. The review should also include procedures to ensure that all funds are properly identified and classified on the financial statements.

Management's Response – See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

Reporting of Expenditures of Federal Awards

Finding Number:	2021-002
Assistance Listing Number and Title:	21.019 - Coronavirus Relief Fund 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases
Federal Award Identification Number / Year:	2021 and 2020
Federal Agency:	U.S. Department of Treasury U.S. Department Health and Human Services Agency
Compliance Requirement:	Reporting Requirement
Pass-Through Entity:	Ohio Department of Health
Repeat Finding from Prior Audit?	No
Prior Audit Finding Number:	N/A

Cambridge – Guernsey County Health Department
Guernsey County
Schedule of Findings (Continued)
2 CFR § 200.515
December 31, 2021

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2021-002
(Continued)

Noncompliance and Significant Deficiency

2 CFR §1000 gives regulatory effect to the Department of Treasury for 2 CFR section 200.302 which notes the data elements for collection of financial information.

Section E2.2 of the Ohio Department of Health (ODH) Grants Administration Policy and Procedures Manual states, "Subgrantee Monthly and Quarterly Expenditure Reports must be completed and submitted via GMIS within 15 calendar days following the end of the reporting period, which is designated in the RFP." Paragraph 4 of this section further states, "the monthly or quarterly report must be based on the subrecipient's accounting records and supporting documentation, and all documents must be maintained by the subrecipient for review by ODH staff. The reporting of expenditures and revenues must be on the cash basis; thereby reporting actual expenses paid during the month or quarter."

Section E2.3 of the Ohio Department of Health (ODH) Grants Administration Policy and Procedures Manual states, "the Subrecipient Final Expense Report and any overpayments must be submitted to ODH within thirty five (35) calendar days following the end of the grant year. The Subrecipient Final Expense Report details the total expenditures for the project period. No extensions will be granted for Final Expense Reports. The information contained in this report must reflect the project accounting records and supporting documentation. Any cash balances must be returned to ODH when the Subrecipient Final Expense Report is submitted. If the cash balance owed to ODH is not returned at the close of the grant, the second and subsequent payments for all other grants will be held until all outstanding cash balances are received.

The federal expenditures reported and drawdowns requested by the Department's Administrator were not supported by actual expenditures of the Department. The Department did eventually spend these funds on allowable program expenditures. However, the amounts reported in the Grants Management Information System (GMIS) to the Ohio Department of Health were not able to be traced to specific group of expenditures.

We recommend the Department implement internal controls to ensure grant expenditures reported to and requested from the grantor agency be supported by specific identifiable disbursements.

Management's Response – See Corrective Action Plan.

Cambridge – Guernsey County Health Department
Guernsey County
 Schedule of Findings (Continued)
 2 CFR § 200.515
 December 31, 2021

3. FINDINGS FOR FEDERAL AWARDS (CONTINUED)

Schedule of Expenditures of Federal Awards

Finding Number:	2021-003
Assistance Listing Number and Title:	All Federal Programs
Federal Award Identification Number / Year:	2021 and 2020
Federal Agency:	U.S Department Agriculture U.S. Department of Treasury U.S. Department Health and Human Services
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Health
Repeat Finding from Prior Audit?	No
Prior Audit Finding Number:	N/A

Noncompliance and Material Weakness

2 CFR Subpart F § 200.510(b) requires the auditee prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the Department’s financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the ALN number or other identifying number when the ALN information is not available.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

The Department’s internal control procedures did not identify various errors within the Schedule of Expenditures of Federal Awards, including but not limited to using incorrect expenses and omitting a certain federal program.

Adjustments, to which management have agreed, are reflected in the accompanying Schedule. Noncompliance with grant requirements as well as errors and omissions on the Schedule of Expenditures of Federal Awards could have an adverse effect on future grant awards by the awarding agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit.

Management’s Response – See Corrective Action Plan.

Cambridge – Guernsey County Health Department
Guernsey County
Schedule of Findings (Continued)
2 CFR § 200.515
December 31, 2021

3. FINDINGS FOR FEDERAL AWARDS (CONTINUED)

Written Policies and Procedures Over Federal Program Compliance Requirements

Finding Number:	2021-004
Assistance Listing Number and Title:	All Federal Programs
Federal Award Identification Number / Year:	2021 and 2020
Federal Agency:	U.S Department Agriculture U.S. Department of Treasury U.S. Department Health and Human Services
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Health
Repeat Finding from Prior Audit?	No
Prior Audit Finding Number:	N/A

Noncompliance and Significant Deficiency

2 CFR § 300.1 gives regulatory effect to the Department of Health and Human Services for 2 CFR Part 200-Uniform Administration on Requirements, Cost Principles, and audit requirements for Federal awards - Subpart D, requires that formal written policies that address Activities Allowed, Allowable Costs, Period of Performance, Reporting, and Subrecipient Monitoring, among other requirements. The Department does not have written procedures for any of the requirements under Title 2.

We recommend the Department review the requirements under Title 2, Uniform Guidance (UG). The Department should adopt policies to address each requirement and ensure all personnel administering the grant are aware of the requirements and follow the established policies, to help ensure the grant requirements are met. These policies should be included in the Policy and Procedures Handbook.

Management’s Response – See Corrective Action Plan.

**Cambridge – Guernsey County Health Department
Guernsey County**

**Corrective Action Plan (Prepared by Management)
2 CFR § 200.511(c)
For the Year Ended December 31, 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Persons
2021-001	Fiscal Officer and Deputy Health Commissioner will use guidance from the Ohio Auditor of State to correctly prepare the Department’s annual financial report.	Immediately	Kate Hoadley – Fiscal Officer and Kylie Jones – Deputy Health Commissioner
2021-002	Fiscal Officer and Deputy Health Commissioner will work to develop internal controls over the reporting and requesting of federal funds to and from the grantor agency.	Immediately	Kate Hoadley – Fiscal Officer and Kylie Jones – Deputy Health Commissioner
2021-003	Fiscal Officer and Deputy Health Commissioner will follow Uniform Guidance for the completion of the Departments Schedule of Expenditures of Federal Awards.	Immediately	Kate Hoadley – Fiscal Officer and Kylie Jones – Deputy Health Commissioner
2021-004	Fiscal Officer and Deputy Health Commissioner will contact other Health Departments to assist in the development of policies concerning federal program compliance requirements.	Immediately	Kate Hoadley – Fiscal Officer and Kylie Jones – Deputy Health Commissioner

**CAMBRIDGE – GUERNSEY COUNTY HEALTH DEPARTMENT
GUERNSEY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –
PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness-Noncompliance – Filing of Hinkle Report without the correct schedules, fund classifications, and type of filing.	Not Corrected	

***CAMBRIDGE – GUERNSEY COUNTY
HEALTH DEPARTMENT***

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020



**CAMBRIDGE – GUERNSEY COUNTY
HEALTH DEPARTMENT**

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INDEPENDENT AUDITOR'S REPORT

Cambridge – Guernsey County Health Department
Guernsey County
326 Highland Avenue
Cambridge, Ohio 43725

To the Board of Health:

Report on the Financial Statements

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

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(C) 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 Department'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 Department'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 Department 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(C), 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 Department 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(C) 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 Department as of December 31, 2020, and the respective changes in financial position thereof for the year 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 and related notes of the Cambridge – Guernsey County Health Department, Guernsey County, Ohio as of December 31, 2020, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Department. We did not modify our opinions regarding this matter.

As discussed in Note 11 to the financial statements, the Department made several changes to its reporting model. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the Department'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 Department's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
November 30, 2022

Cambridge-Guernsey County Health Department
Guernsey 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)
Cash Receipts			
Property Taxes	\$ 801,159	\$ -	\$ 801,159
Charges for Services	90,693	3,244	93,937
Fines, Licenses and Permits	68,835	171,386	240,221
Intergovernmental:			
Apportionments	11,200	-	11,200
Grants	-	834,053	834,053
Other	95,958	-	95,958
Contractual Services	52,603	-	52,603
Miscellaneous	86,769	-	86,769
<i>Total Cash Receipts</i>	1,207,217	1,008,683	2,215,900
Cash Disbursements			
Current:			
Health:			
Salaries	589,039	563,812	1,152,851
Fringe Benefits	159,471	23,409	182,880
Fees	-	2,126	2,126
Supplies	48,952	23,685	72,637
Equipment	-	2,972	2,972
Contracts - Services	124,407	9,685	134,092
Remittance to State	76	19,787	19,863
Advertising	18	-	18
Hospitalization	149,822	13,837	163,659
Other Expense	77,923	7,718	85,641
<i>Total Cash Disbursements</i>	1,149,708	667,031	1,816,739
<i>Net Change in Fund Cash Balances</i>	57,509	341,652	399,161
<i>Fund Cash Balances, January 1</i>	1,088,583	157,571	1,246,154
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,146,092</u>	<u>\$ 499,223</u>	<u>\$ 1,645,315</u>

See accompanying notes to the financial statements

Cambridge-Guernsey County Health Department
Guernsey 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 Cambridge-Guernsey County Health Department (the Department) as a body corporate and politic. A five-member board and a Health Commissioner govern the Department. The Department's services include vital statistics, communicable disease investigations, immunization clinics, environmental health services, public health nursing services and issuance of health-related licenses and permits.

Public Entity Risk Pool

The Department participates in Public Entity Pool (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2- Summary of Significant Accounting Policies

Basis of Presentation

The Department'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 Department 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 Department 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 Department 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 Department had the following significant Special Revenue Fund:

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

COVID Response Grant Fund The COVID Response Grant Fund is a federal grant fund that receives intergovernmental money for the use of public safety in regards to COVID-19.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Department 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 disbursements 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 (C) permit

Budgetary Process

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

Appropriations Budgetary disbursements (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 Department Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

The Department 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 leaving employment or retirement, employees are entitled to cash payouts for unused leave. The financial statements do not include a liability for unpaid leave.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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 Department 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 Department 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 10.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3- Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,203,590	\$ 1,207,217	\$ 3,627
Special Revenue	919,346	1,008,683	89,337

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,285,822	\$ 1,209,555	\$1,076,267
Special Revenue	1,054,448	685,331	369,117

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Guernsey County Treasurer is custodian for the Department’s deposits. The County’s deposit and investment pool holds the Department’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 Department’s appropriations over other estimated receipts among the townships and municipalities composing the Department, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the Department. 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 Department 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 Department.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 - Risk Management

Risk Pool Membership

The Department 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 Department's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

Workers' Compensation

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All Department 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 Department contributed an amount equaling 14% of participants' gross salaries. The Department has paid all contributions required through December 31, 2020.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include 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% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2020.

Note 9 - Contingent Liabilities

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

Amounts grantor agencies pay to the Department are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 59,847	\$ 18,300	\$ 78,147

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

Note 11 – Change in Accounting Principle

For 2020, the Department has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

Cambridge-Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – 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 Department. In addition, the impact on the Department's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Cambridge – Guernsey County Health Department
326 Highland Avenue
Cambridge, Ohio 43725

To the Department of Health:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type of the Cambridge – Guernsey County Health Department, Guernsey County, Ohio (the Department), as of and for the year ended December 31, 2020 and the related notes to the financial statements and have issued our report thereon dated November 30, 2022, wherein we noted the Department followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Department and several changes to its reporting model.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Department's internal control over financial reporting (internal control) to determine the 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 Department'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 Department'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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

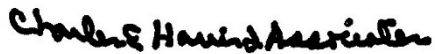
We also noted certain other matters not requiring inclusion in this report that we reported to the Department's management in a separate letter dated November 30, 2022.

Department's Response to Finding

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
November 30, 2022

**Cambridge – Guernsey County Health Department
Guernsey County**

Schedule of Findings
For the Year Ended December 31, 2020

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

Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Department's activity. The Department should have procedures in place to prevent or detect misstatements for the accurate presentation of the Department's financial statements and notes to the financial statements. In the 2020 annual report, the Family Planning Fund was reported as a Special Revenue fund type instead of in the General Fund.

Not recording the Family Planning Fund as part of the General Fund accurately resulted in the financial statements requiring adjustment. The financial statement reflects the adjustment.

Also, aspects of the notes to the financial statements were corrected from the Hinkle filing to include accurate information. We made corrections to the:

- Budgetary Activity
- Risk Management
- Fund Balance

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. The review should also include procedures to ensure that all funds are properly identified and classified on the financial statements.

Management's Response – See Corrective Action Plan.

*Cambridge – Guernsey County Health Department
Guernsey County*

**Corrective Action Plan (Prepared by Management)
For the Year Ended December 31, 2020**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Persons
2020-001	Fiscal Officer and Deputy Health Commissioner will use guidance from the Ohio Auditor of State to correctly prepare the Department's annual financial report.	Immediately	Kate Hoadley – Fiscal Officer and Kylie Jones – Deputy Health Commissioner

**CAMBRIDGE – GUERNSEY COUNTY HEALTH DEPARTMENT
GUERNSEY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –
PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness-Noncompliance – Filing of Hinkle Report without the correct schedules, fund classifications, and type of filing.	Not Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



CAMBRIDGE-GUERNSEY COUNTY HEALTH DEPARTMENT

GUERNSEY 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 1/10/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov