



OHIO AUDITOR OF STATE
KEITH FABER



**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Brown County District Board of Health
Brown County
826 Mount Orab Pike
Georgetown, Ohio 45121

To the Board:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Brown County District Board of Health, Brown County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 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 combined total as of and for the years ended December 31, 2022 and 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 District, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years 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 District, 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 the District 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.

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 District'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 opinions. 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 District'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 District'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, 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. 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 District'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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
November 25, 2024

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Brown County General Health District
Brown County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Combined Total
Cash Receipts			
Intergovernmental:	\$205,903	\$571,943	\$777,846
Licenses, Permits and Fees	123,522	153,491	277,013
Charges for Services	462,092	6,547	468,639
Miscellaneous	75	2,050	2,125
<i>Total Cash Receipts</i>	<u>791,592</u>	<u>734,031</u>	<u>1,525,623</u>
Cash Disbursements			
Current:			
Health:			
Salaries	368,047	159,796	527,844
Fringe Benefits	160,118	43,235	203,353
Supplies	99,827	3,478	103,305
Remittances to State	93,343	13,647	106,990
Equipment	456	156	612
Contracts - Services	71,080	7,356	78,436
Travel	9,702	6,279	15,981
Other	47,190	246,347	293,537
<i>Total Cash Disbursements</i>	<u>849,763</u>	<u>480,294</u>	<u>1,330,057</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(58,171)</u>	<u>253,737</u>	<u>195,566</u>
Other Financing Receipts (Disbursements)			
Transfers In	150,000	0	150,000
Transfers Out	0	(150,000)	(150,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>150,000</u>	<u>(150,000)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	91,829	103,737	195,566
<i>Fund Cash Balances, January 1</i>	<u>732,235</u>	<u>783,960</u>	<u>1,516,195</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$824,064</u></u>	<u><u>\$887,697</u></u>	<u><u>\$1,711,761</u></u>

See accompanying notes to the basic financial statements

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Brown County General Health District
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Brown County District Board of Health, Brown 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, inspections, and public health nursing services, and the District issues health-related 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 and inspections of food service operations.

Sewage Fund This fund receives receipts for inspection and permits for household sewage treatment systems. Additionally, in 2022 the District received and expended \$166,326 in OEPA home sewage treatment system grant funds as a pass-through agency.

Public Health Emergency Preparedness (PHEP) Fund This fund receives State grant funds to provide for the establishment of public health preparedness infrastructure to protect the county for diseases and outbreaks, bioterrorism and other health related emergencies.

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 District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a

Brown County General Health District
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2022 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.

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. 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 District and the nonspendable portion of the corpus in permanent funds.

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.

Brown County General Health District
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 10.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2022 due to the District not adopting an appropriation measure.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,578,420	\$941,592	(\$636,828)
Special Revenue	1,295,011	734,031	(560,980)
Total	\$2,873,431	\$1,675,623	(\$1,197,808)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$853,038	(\$853,038)
Special Revenue	0	630,294	(630,294)
Total	\$0	\$1,483,332	(\$1,483,332)

Brown County General Health District
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments

As required by the Ohio Revised Code, the Brown 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 6 – 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.

Beginning in 2010, the County Commissioners began serving as a special taxing authority for a special assessment outside the ten-mill limitation to provide the District with sufficient funds for health programs. The assessment generated \$136,982 in 2022. The financial statements present these amounts as intergovernmental receipts.

Note 7 – Risk Management

The District falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The District pays their portion of the insurance to the Brown County Commissioners. The District, through the Brown County Commissioners, also provide health insurance coverage to full time employees through a private carrier.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and 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

Brown County General Health District
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2022

pension plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2022.

Note 10 – 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 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	3,275	600	3,875
Total	<u>\$3,275</u>	<u>\$600</u>	<u>\$3,875</u>

The fund balance of special revenue funds is either restricted or committed. These restricted amounts in the special revenue funds would including 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 COVID19 pandemic. Ohio’s state of emergency ended in June 2021, while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Brown County General Health District*Brown 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	Combined Total
Cash Receipts			
Intergovernmental	\$206,516	\$701,973	\$908,489
Licenses, Permits and Fees	118,877	138,090	256,967
Charges for Services	413,276	5,103	418,379
Miscellaneous	26	900	926
<i>Total Cash Receipts</i>	<u>738,695</u>	<u>846,066</u>	<u>1,584,761</u>
Cash Disbursements			
Current:			
Health:			
Salaries	285,419	225,961	511,380
Fringe Benefits	126,701	50,332	177,033
Supplies	82,076	2,005	84,081
Remittances to State	88,920	11,947	100,867
Equipment	7,250	395	7,645
Contracts - Services	70,815	8,153	78,968
Travel	5,781	5,433	11,214
Other	48,220	402,069	450,289
<i>Total Cash Disbursements</i>	<u>715,182</u>	<u>706,295</u>	<u>1,421,477</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>23,513</u>	<u>139,771</u>	<u>163,284</u>
<i>Net Change in Fund Cash Balances</i>	23,513	139,771	163,284
<i>Fund Cash Balances, January 1</i>	<u>708,722</u>	<u>644,189</u>	<u>1,352,911</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$732,235</u></u>	<u><u>\$783,960</u></u>	<u><u>\$1,516,195</u></u>

See accompanying notes to the basic financial statements

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Brown County General Health District
Brown 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 Brown County District Board of Health, Brown 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, inspections, and public health nursing services, and the District issues health-related 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

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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 and inspections of food service operations.

Sewage Fund This fund receives receipts for inspection and permits for household sewage treatment systems. Additionally, in 2021 the District received and expended \$109,465 in OEPA home sewage treatment system grant funds as a pass-through agency.

Public Health Emergency Preparedness (PHEP) Fund This fund receives State grant funds to provide for the establishment of public health preparedness infrastructure to protect the county for diseases and outbreaks, bioterrorism and other health related emergencies.

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 District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a

Brown County General Health District
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2021 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.

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. 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 District and the nonspendable portion of the corpus in permanent funds.

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.

Brown County General Health District

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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 10.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2021 due to the District not adopting an appropriation measure.

Note 4 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$833,300	\$738,695	(\$94,605)
Special Revenue	1,173,153	846,066	(327,087)
Total	<u>\$2,006,453</u>	<u>\$1,584,760</u>	<u>(\$421,693)</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$741,356	(\$741,356)
Special Revenue	0	710,067	(710,067)
Total	<u>\$0</u>	<u>\$1,451,423</u>	<u>(\$1,451,423)</u>

Note 5 – Deposits and Investments

Brown County General Health District

Brown County

Notes to the Financial Statements

For the Year Ended December 31, 2021

As required by the Ohio Revised Code, the Brown 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 6 – 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.

Beginning in 2010, the County Commissioners began serving as a special taxing authority for a special assessment outside the ten-mill limitation to provide the District with sufficient funds for health programs. The assessment generated \$137,000 in 2021. The financial statements present these amounts as intergovernmental receipts.

Note 7 – Risk Management

The District falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The District pays their portion of the insurance to the Brown County Commissioners. The District, through the Brown County Commissioners, also provide health insurance coverage to full time employees through a private carrier.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and 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

Brown County General Health District
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2021

pension plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2021.

Note 10 – 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 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	26,174	3,772	29,945
Total	<u>\$26,174</u>	<u>\$3,772</u>	<u>\$29,945</u>

The fund balance of special revenue funds is either restricted or committed. These restricted amounts in the special revenue funds would including 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 COVID19 pandemic. Ohio’s state of emergency ended in June 2021, while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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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

Brown County District Board of Health
Brown County
826 Mount Orab Pike
Georgetown, Ohio 45121

To the Board:

We have audited, in accordance with the 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 (*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 years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Brown County District Board of Health, Brown County, (the District) and have issued our report thereon dated November 25, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiencies described in the accompanying schedule of findings as items 2022-001 and 2022-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
November 25, 2024

**BROWN COUNTY DISTRICT BOARD OF HEALTH
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

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.

The following errors were identified in the accompanying financial statements and footnotes for the years ended December 31, 2022 and 2021:

- General fund Beginning Fund Balance was understated by \$298,770 and Special Revenue funds Beginning Fund Balance was overstated by \$179,225 for 2021.
- The 2022 financial statements filed in the Hinkle system do not properly foot. While the total ending fund balance reported on the financial statement was correct, the statement did not properly foot to that total.
- For 2022, Advances Out were overstated by \$100,000 and Transfers In were understated by \$150,000 in the General fund. Advances Out were overstated by \$125,000 and Transfers Out were understated by \$150,000 in the Special Revenue funds.
- Budgeted Receipts and Expenditures for the General and Special Revenue funds were incorrectly reported in the budgetary activity footnote for 2021 and 2022. Differences ranged from \$241,550 to \$953,600.
- The District did not use the most recent footnote shell guidance and therefore the required Fund Balance footnote disclosure was not included for 2021 and 2022.
- General fund Intergovernmental revenue was understated by \$6,686 and Charges for Services and Miscellaneous revenue were overstated by \$5,300 and \$1,386 respectively.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failing to prepare accurate financial statements, including notes to the financial statements, could lead the Board to make misinformed decisions. The accompanying financial statements and notes to the financial statements and accounting system have been adjusted to reflect these changes, where applicable.

The District should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the management and Board to help identify and correct errors and omissions.

FINDING NUMBER 2022-002

Noncompliance and Significant Deficiency

Ohio Rev. Code § 3709.28 states, in part, that on or about the first day of April the district must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission.

Furthermore, **Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District did not adopt appropriation measures for 2021 or 2022. Therefore, all funds had expenditures in excess of appropriations as of December 31, 2022 and 2021.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board should closely monitor expenditures and appropriations, adopt annual appropriation measures, and make the necessary appropriation amendments which shall be documented in the minutes, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

FINDING NUMBER 2022-003

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. Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the District and the appropriation ledger provides the process by which the District controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the District and the receipts ledger provides the process by which the District controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) were not approved by the Board and were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system. The following variances were noted:

FINDING NUMBER 2022-003
(Continued)

2021 - Fund	Budgeted Receipts per Certificate	Budgeted Receipts Per VIP Revenue Budget Report	Variance
2600-General	\$833,300	\$769,300	\$64,000
2603 - Trailer/Camp Park	\$1,000	\$9,650	(\$8,650)
2610 - Sewage Treatment	\$262,857	\$175,887	\$86,970

2022 - Fund	Budgeted Receipts per Certificate	Budgeted Receipts Per VIP Revenue Budget Report	Variance
2600-General	\$1,578,420	\$1,398,420	\$180,000
2610 - Sewage Treatment	\$411,000	\$284,000	\$127,000

2021 - Fund	Board Approved Appropriations	Budgeted Disbursements Per VIP Expense Budget Report	Variance
2600-General	\$0	\$765,071	(\$765,071)
2603 - Trailer/Camp Park	\$0	\$9,165	(\$9,165)
2605 - Restaurant	\$0	\$95,312	(\$95,312)
2606 - PHI Grant	\$0	\$80,353	(\$80,353)
2607- MRC Grant	\$0	\$6,000	(\$6,000)
2608 - Water Well System	\$0	\$770	(\$770)
2609 - Swimming Pools	\$0	\$4,260	(\$4,260)
2610 - Sewage Treatment	\$0	\$186,800	(\$186,800)
2611 - CRI Grant	\$0	\$297,903	(\$297,903)
2612 - NARCAN Grant	\$0	\$78,000	(\$78,000)

FINDING NUMBER 2022-003
(Continued)

2022 - Fund	Board Approved Appropriations	Budgeted Disbursements Per VIP Expense Budget Report	Variance
2600-General	\$0	\$984,540	(\$984,540)
2601 - Wellness/Retirement	\$0	\$17,900	(\$17,900)
2603 - Trailer/Camp Park	\$0	\$12,666	(\$12,666)
2605 - Restaurant	\$0	\$80,605	(\$80,605)
2606 - PHI Grant	\$0	\$75,906	(\$75,906)
2607 - MRC Grant	\$0	\$1,000	(\$1,000)
2608 - Water Well System	\$0	\$1,510	(\$1,510)
2609 - Swimming Pools	\$0	\$4,145	(\$4,145)
2610 - Sewage Treatment	\$0	\$237,955	(\$237,955)
2611 - CRI Grant	\$0	\$188,946	(\$188,946)
2612 - NARCAN Grant	\$0	\$65,500	(\$65,500)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the footnotes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the District should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The District should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

Brown County Health Department
826 Mt. Orab Pike, Georgetown, OH 45121
www.browncountyhealth.org
Health Commissioner: Kyle D. Arn MS, REHS

Our mission is to protect and improve the health of Brown County residents by providing preventive services, ensuring healthy environments and providing healthy lifestyles.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2022 and 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial statement mis postings	Not Corrected	Repeated as Finding 2022-001
2020-002	ORC 5705.39 – appropriations exceeding estimated resources	Finding no Longer Valid	Appropriations were not adopted by the Board for 2021 or 2022. See Finding Number 2022-002

OHIO AUDITOR OF STATE KEITH FABER



BROWN COUNTY DISTRICT BOARD OF HEALTH

BROWN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/17/2024

65 East State 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