



OHIO AUDITOR OF STATE  
**KEITH FABER**





**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
 ALLEN COUNTY  
 DECEMBER 31, 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Combined Allen County General Health District  
Allen County  
219 East Market Street  
P.O. Box 1503  
Lima, Ohio 45802

To the Members of the Board of Health:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Combined Allen County General Health District, Allen County, Ohio (the Health District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 Health District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Health District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Combined Allen County General Health District, Allen County, Ohio, as of December 31, 2019, and the respective changes in cash financial position and the respective budgetary comparison for the General and Women, Infants and Children funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Health District. We did not modify our opinion regarding this matter.

***Other Matters***

***Supplementary Information***

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

The Schedule of Expenditures of Federal Awards presents additional analysis 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 and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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 basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

June 17, 2020

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**Combined Allen County General Health District**

Statement of Net Position - Cash Basis

December 31, 2019

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|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>Assets</b>                              |                                    |
| Equity in Pooled Cash and Cash Equivalents | <u>\$809,783</u>                   |
| <i>Total Assets</i>                        | <u><u>\$809,783</u></u>            |
| <b>Net Position</b>                        |                                    |
| Restricted for:                            |                                    |
| Other Purposes                             | 238,705                            |
| Unrestricted                               | <u>571,078</u>                     |
| <i>Total Net Position</i>                  | <u><u>\$809,783</u></u>            |

See accompanying notes to the basic financial statements

**Combined Allen County General Health District**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2019

|                                      | Program Cash Receipts |                                      | Net (Disbursements)<br>Receipts and Changes<br>in Net Position |                  |
|--------------------------------------|-----------------------|--------------------------------------|--|------------------|
|                                      | Cash<br>Disbursements | Charges<br>for Services<br>and Sales | Operating<br>Grants and<br>Contributions                       |                  |
|                                      |                       |                                      | Governmental<br>Activities                                     |                  |
| <b>Governmental Activities</b>       |                       |                                      |  |                  |
| Current:                             |                       |                                      |  |                  |
| Health:                              |                       |                                      |  |                  |
| Public Health                        | \$3,769,777           | \$1,536,026                          | \$1,690,582  | (\$543,169)      |
| Debt Service:                        |                       |                                      |  |                  |
| Principal Retirement                 | 46,461                |                                      |  | (46,461)         |
| Interest and Fiscal Charges          | 25,660                |                                      |  | (25,660)         |
| <i>Total Governmental Activities</i> | <u>\$3,841,898</u>    | <u>\$1,536,026</u>                   | <u>\$1,690,582</u>   | <u>(615,290)</u> |
|                                      |                       |                                      |  |                  |
| General Receipts:                    |                       |                                      |  |                  |
| Subdivision Fees                     |                       |                                      |  | 688,391          |
| Miscellaneous                        |                       |                                      |  | 8,662            |
| Total General Receipts               |                       |                                      |  | <u>697,053</u>   |
| Change in Net Position               |                       |                                      |  | 81,763           |
| Net Position Beginning of Year       |                       |                                      |  | <u>728,020</u>   |
| Net Position End of Year             |                       |                                      |  | <u>\$809,783</u> |

See accompanying notes to the basic financial statements

**Combined Allen County General Health District**  
Statement of Assets and Fund Balances- Cash Basis  
Governmental Funds  
December 31, 2019

|  | General          | Women,<br>Infants and<br>Children | Building<br>Improvement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------|-----------------------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                              |                  |                                   |                         |                                |                                |
| Equity in Pooled Cash and Cash Equivalents | \$519,894        | \$15,594                          | \$51,184                | \$223,111                      | \$809,783                      |
| <i>Total Assets</i>                        | <u>\$519,894</u> | <u>\$15,594</u>                   | <u>\$51,184</u>         | <u>\$223,111</u>               | <u>\$809,783</u>               |
| <b>Fund Balances</b>                       |                  |                                   |                         |                                |                                |
| Restricted                                 |                  | \$15,594                          |                         | \$223,111                      | \$238,705                      |
| Committed                                  | \$73,681         |                                   |                         |                                | 73,681                         |
| Assigned                                   | 237,305          |                                   | \$51,184                |                                | 288,489                        |
| Unassigned                                 | <u>208,908</u>   |                                   |                         |                                | <u>208,908</u>                 |
| Total Fund Balances                        | <u>\$519,894</u> | <u>\$15,594</u>                   | <u>\$51,184</u>         | <u>\$223,111</u>               | <u>\$809,783</u>               |

See accompanying notes to the basic financial statements

**Combined Allen County General Health District**  
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2019

|   | General          | Women,<br>Infants and<br>Children | Building<br>Improvement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|------------------|-----------------------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Receipts</b>                               |                  |                                   |                         |                                |                                |
| Subdivision fees                              | \$688,391        |                                   |                         |                                | \$688,391                      |
| Fines, Licenses and Permits                   | 943,208          |                                   |                         | \$540,637                      | 1,483,845                      |
| Contractual Services                          | 37,512           |                                   |                         | 14,670                         | 52,182                         |
| Federal Grants                                |                  | \$680,865                         |                         | 605,879                        | 1,286,744                      |
| State Grants                                  | 305,017          |                                   |                         | 98,820                         | 403,837                        |
| Miscellaneous                                 | 8,662            |                                   |                         |                                | 8,662                          |
| <b>Total Receipts</b>                         | <b>1,982,790</b> | <b>680,865</b>                    |                         | <b>1,260,006</b>               | <b>3,923,661</b>               |
| <b>Disbursements</b>                          |                  |                                   |                         |                                |                                |
| Current:                                      |                  |                                   |                         |                                |                                |
| Salary  | 816,490          | 422,532                           |                         | 748,774                        | 1,987,796                      |
| Benefits                                      | 263,718          | 167,498                           |                         | 270,561                        | 701,777                        |
| Materials & Supplies                          | 373,743          | 19,906                            |                         | 80,166                         | 473,815                        |
| Services & Charges                            | 185,396          | 52,117                            | 4,585                   | 76,667                         | 318,765                        |
| State Remittances                             | 184,482          |                                   |                         | 32,469                         | 216,951                        |
| Equipment                                     | 32,824           | 14,644                            |                         | 23,205                         | 70,673                         |
| Debt Service:                                 |                  |                                   |                         |                                |                                |
| Principal Retirement                          | 46,461           |                                   |                         |                                | 46,461                         |
| Interest and Fiscal Charges                   | 25,660           |                                   |                         |                                | 25,660                         |
| <b>Total Disbursements</b>                    | <b>1,928,774</b> | <b>676,697</b>                    | <b>4,585</b>            | <b>1,231,842</b>               | <b>3,841,898</b>               |
| Excess of Receipts Over (Under) Disbursements | 54,016           | 4,168                             | (4,585)                 | 28,164                         | 81,763                         |
| <b>Other Financing Sources (Uses)</b>         |                  |                                   |                         |                                |                                |
| Transfers In                                  |                  |                                   | 15,000                  |                                | 15,000                         |
| Transfers Out                                 | (15,000)         |                                   |                         |                                | (15,000)                       |
| Advances In                                   | 190,000          | 65,000                            |                         | 139,000                        | 394,000                        |
| Advances Out                                  | (204,000)        | (65,000)                          |                         | (125,000)                      | (394,000)                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(29,000)</b>  | <b>0</b>                          | <b>15,000</b>           | <b>14,000</b>                  | <b>0</b>                       |
| Net Change in Fund Balances                   | 25,016           | 4,168                             | 10,415                  | 42,164                         | 81,763                         |
| Fund Balances Beginning of Year               | 494,878          | 11,426                            | 40,769                  | 180,947                        | 728,020                        |
| Fund Balances End of Year                     | <u>\$519,894</u> | <u>\$15,594</u>                   | <u>\$51,184</u>         | <u>\$223,111</u>               | <u>\$809,783</u>               |

See accompanying notes to the basic financial statements

**Combined Allen County General Health District**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2019

|   | Budgeted Amounts        |                         | Actual                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-------------------------|-------------------------|---|
|   | Original                | Final                   |                         |   |
| <b>Receipts</b>                               |                         |                         |                         |   |
| Subdivision Fees                              | \$688,391               | \$688,391               | \$688,391               | \$0   |
| Fees, Licenses, Permits                       | 806,400                 | 806,400                 | 943,208                 | 136,808   |
| Contractual Services                          | 36,271                  | 36,271                  | 37,512                  | 1,241   |
| State Grants                                  | 193,500                 | 193,500                 | 305,017                 | 111,517   |
| Miscellaneous                                 | 20,000                  | 20,000                  | 8,662                   | (11,338)  |
| Reimbursements                                | 1,839,923               | 1,839,923               |                         | (1,839,923)   |
| <i>Total Receipts</i>                         | <u>3,584,485</u>        | <u>3,584,485</u>        | <u>1,982,790</u>        | <u>(1,601,695)</u>                                      |
| <b>Disbursements</b>                          |                         |                         |                         |   |
| Current:                                      |                         |                         |                         |   |
| Salary  | 1,610,624               | 1,563,124               | 809,818                 | 753,306   |
| Benefits                                      | 675,139                 | 638,639                 | 279,967                 | 358,672   |
| Materials & Supplies                          | 320,800                 | 378,300                 | 373,743                 | 4,557   |
| Services & Charges                            | 289,400                 | 296,400                 | 185,395                 | 111,005   |
| State Remittances                             | 158,000                 | 187,000                 | 184,482                 | 2,518   |
| Equipment                                     | 56,800                  | 52,800                  | 32,824                  | 19,976  |
| Debt Service:                                 |                         |                         |                         |   |
| Principal Retirement                          | 40,000                  | 50,000                  | 46,461                  | 3,539   |
| Interest and Fiscal Charges                   | 32,192                  | 27,192                  | 25,660                  | 1,532   |
| <i>Total Disbursements</i>                    | <u>3,182,955</u>        | <u>3,193,455</u>        | <u>1,938,350</u>        | <u>1,255,105</u>  |
| Excess of Receipts Over (Under) Disbursements | <u>401,530</u>          | <u>391,030</u>          | <u>44,440</u>           | <u>(346,590)</u>  |
| <b>Other Financing Sources (Uses)</b>         |                         |                         |                         |   |
| Transfers Out                                 | (30,000)                | (30,000)                | (30,000)                | 0   |
| Advances In                                   | 200,000                 | 200,000                 | 190,000                 | (10,000)  |
| Advances Out                                  | (200,000)               | (210,000)               | (204,000)               | 6,000   |
| <i>Total Other Financing Sources (Uses)</i>   | <u>(30,000)</u>         | <u>(40,000)</u>         | <u>(44,000)</u>         | <u>(4,000)</u>  |
| Net Change in Fund Balance                    | 371,530                 | 351,030                 | 440                     | (350,590)   |
| Unencumbered Fund Balance Beginning of Year   | <u>445,773</u>          | <u>445,773</u>          | <u>445,773</u>          | <u>0</u>  |
| Unencumbered Fund Balance End of Year         | <u><u>\$817,303</u></u> | <u><u>\$796,803</u></u> | <u><u>\$446,213</u></u> | <u><u>(\$350,590)</u></u>                               |

See accompanying notes to the basic financial statements

**Combined Allen County General Health District**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Women, Infants and Children Fund  
For the Year Ended December 31, 2019

|   | Budgeted Amounts      |                       | Actual                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------------|-----------------------|------------------------|---|
|   | Original              | Final                 |                        |   |
| <b>Receipts</b>                               |                       |                       |                        |   |
| Federal Grants                                | \$726,127             | \$726,127             | \$680,865              | (\$45,262)  |
| <i>Total Receipts</i>                         | <u>726,127</u>        | <u>726,127</u>        | <u>680,865</u>         | <u>(45,262)</u>   |
| <b>Disbursements</b>                          |                       |                       |                        |   |
| Current:                                      |                       |                       |                        |   |
| Salary  | 470,000               | 460,000               | 422,532                | 37,468  |
| Benefits                                      | 172,530               | 162,030               | 167,498                | (5,468)   |
| Materials & Supplies                          | 27,597                | 30,597                | 19,906                 | 10,691  |
| Services & Charges                            | 66,000                | 68,500                | 52,117                 | 16,383  |
| Equipment                                     |                       | 15,000                | 14,644                 | 356   |
| Total Disbursements                           | <u>736,127</u>        | <u>736,127</u>        | <u>676,697</u>         | <u>59,430</u>   |
| Excess of Receipts Over (Under) Disbursements | <u>(10,000)</u>       | <u>(10,000)</u>       | <u>4,168</u>           | <u>14,168</u>   |
| <b>Other Financing Sources (Uses)</b>         |                       |                       |                        |   |
| Advances In                                   | 65,000                | 65,000                | 65,000                 | 0   |
| Advances Out                                  | <u>(65,000)</u>       | <u>(65,000)</u>       | <u>(65,000)</u>        | <u>0</u>  |
| Total Other Financing Sources (Uses)          | <u>0</u>              | <u>0</u>              | <u>0</u>               | <u>0</u>  |
| Net Change in Fund Balance                    | (10,000)              | (10,000)              | 4,168                  | 14,168  |
| Unencumbered Fund Balance Beginning of Year   | <u>11,426</u>         | <u>11,426</u>         | <u>11,426</u>          | <u>0</u>  |
| Unencumbered Fund Balance End of Year         | <u><u>\$1,426</u></u> | <u><u>\$1,426</u></u> | <u><u>\$15,594</u></u> | <u><u>\$14,168</u></u>                                  |

See accompanying notes to the basic financial statements

## **Combined Allen County General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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### **Note 1 – Reporting Entity**

The Combined Allen County General Health District (the Health District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A seven-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

The Health District's reporting entity does not include component units or other organizations.

### **Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include vital statistics, communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

### **Public Entity Risk Pool**

The Health District participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

### **Note 2 – Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Health District's accounting policies.

### **Basis of Presentation**

The Health District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements** The statement of net position and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no fiduciary funds or business-type activities.

The statement of net position presents the cash balance, of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

**Fund Financial Statements** During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

### **Fund Accounting**

The Health 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 Health District are presented as governmental.

**Governmental Funds** Governmental funds are those through which most governmental functions of the Health District are financed. The following are the Health District's major governmental funds:

**General** 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 Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Women, Infants and Children Fund (WIC)** This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program. This grant is awarded annually by the Ohio Department of Health and all funds are Federal Funds. All federal and state guidelines are followed in disbursements of expenditures.

**Building Improvement Fund** – This fund accounts for a reserve for major building improvements or repairs. This fund was originally established for the proceeds and expenditures related to the building improvement loan with First National Bank of New Bremen. The proceeds from the loan have been fully expensed and currently the balance of the funds includes transfers from the General Fund with the sole purpose of expenses related to major improvements or repairs to our building located at 219 E. Market St., Lima OH.

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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The other governmental funds of the Health District account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

### **Basis of Accounting**

The Health District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

### **Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Health District may appropriate. The appropriations resolution is the Health District's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Health District. The legal level of control has been established by the Health District at the fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the Health District if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the Health 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. Subject to estimated resources, the Health District may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Health District.

## **Combined Allen County General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Health District during the year.

### **Cash and Investments**

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. The Allen County Treasurer is Evalyn Shaffner, 301 N Main St., Suite 203, Lima, OH 45801, phone 419-223-8515.

### **Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

### **Inventory and Prepaid Items**

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

### **Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

### **Interfund Receivables/Payables**

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

### **Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Health District's cash basis of accounting.

### **Employer Contributions to Cost-Sharing Pension Plans**

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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### Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

### Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for Supplemental Nutrition for Women, Infants and Children, Environmental Health, Reproductive Health and Wellness, Emergency Preparedness, Nursing Immunizations and Moms and Babies First.

The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

### Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Health District. Those committed amounts cannot be used for any other purpose unless the Health District removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Health District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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In the general fund, assigned amounts represent intended uses established by the Health District or a Health District official delegated that authority by resolution, or by State Statute.

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

The Health 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.

### Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

### Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the Women, Infants, and Children (WIC) fund are prepared on the budget basis to provide meaningful comparison of actual results with budget. The difference between the budget basis and cash basis is as follows; The Salary Reserve fund is included in the general fund (cash basis), but has a separate legally adopted budget (budget basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

|                                    |                  |
|------------------------------------|------------------|
| General Fund Cash Accounting Basis | \$519,894        |
| Perspective Differences:           |                  |
| Net Activity of funds reclassified |                  |
| 2019 Salary Reserve fund balance   | <u>(73,681)</u>  |
| Budget Basis                       | <u>\$446,213</u> |

**Combined Allen County General Health District**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

**Note 4 – Deposits and Investments**

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

**Note 5 – Intergovernmental Funding**

The County apportions the excess of the Health District’s appropriations over 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 Health District. The financial statements present these amounts as subdivision fee revenue.

**Note 6 – Interfund Balances and Transfers**

**Transfers**

During 2019, the following transfers were made:

| Transfer to               | Transfer From<br>General<br>Fund | Total    |
|---------------------------|----------------------------------|----------|
| Building Improvement Fund | \$15,000                         | \$15,000 |

The above-mentioned transfer was unrestricted receipts collected in the General Fund to finance Building Improvement Fund activities in accordance with budgetary authorizations.

**Interfund Balances**

Interfund balances at December 31, 2019, consisted of the following individual fund receivables and payables:

|                                       | Receivable<br>Interfund | Payable<br>Interfund |
|---------------------------------------|-------------------------|----------------------|
| <b>Major Funds</b>                    |                         |                      |
| General Fund                          | \$189,000               |                      |
| Women, Infants and Children           |                         | 65,000               |
| <b>Other Governmental Funds</b>       |                         |                      |
| Creating Healthy Communities          |                         | 15,000               |
| Reproductive Health and Wellness      |                         | 15,000               |
| Public Health Emergency Preparedness  |                         | 35,000               |
| STD Prevention                        |                         | 15,000               |
| HIV Prevention                        |                         | 20,000               |
| Moms and Babies First                 |                         | 24,000               |
| Total Governmental Activities         | 189,000                 | 189,000              |
| Total Inter-fund Receivables/Payables | \$189,000               | \$189,000            |

Interfund balances at December 31, 2019, consisted of \$189,000 advanced from the General Fund to the Women, Infants and Children Fund and other governmental funds to provide working capital for operations. The interfund receivables/payables are expected to be repaid within one year.

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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### Note 7 – Risk Management

The Health District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Health District contracted with several companies for various types of insurance as follows:

| Type of Coverage                           | Coverage  | Deductible |
|--|-----------|------------|
| Grange Insurance Company                   |           |            |
| Blanket Property and Contents, Replacement | \$863,000 | \$1,000    |
| Building Coverage                          | 1,630,000 | \$1,000    |
| Spoilage Coverage                          | 20,000    | \$500      |
| Building Earthquake                        | 1,630,000 | 10%        |
| Contents Earthquake                        | 806,000   | 10%        |
| Employee Theft                             | 10,000    | \$250      |
| Other Theft                                | 20,000    | \$250      |
| Outside Premises                           | 18,000    | \$250      |
| Automobile Liability                       | 1,000,000 | \$250      |

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

During 2019 the Health District offered health insurance to employees working on average 30 hours or more during the look back period, October 1, 2017 to September 30, 2018. Health insurance offered by the Health District is through the Allen County Commissioners, contracting with County Employee Benefit Consortium of Ohio (CEBCO). The District pays 88% of monthly premiums for employees working 37.50 hours per week and, 78% of the monthly premiums for employees that average 30 or more hours per week, but under 37.50 hours.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation. This coverage is obtained through the Allen County Commissioners.

### Risk Pool Membership

The Health District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Health District's policy. The Pool covers the following risks:

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

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

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

### Note 8 – Defined Benefit Pension Plans

#### Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Health District employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

| Group A  | Group B  | Group C  |
|--|--|--|
| Eligible to retire prior to January 7, 2013, or five years after January 7, 2013   | 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013                                       | Members not in other Groups and members hired on or after January 7, 2013  |
| <b>State and Local</b>   | <b>State and Local</b>   | <b>State and Local</b>   |
| <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit                        | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit                        | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit                          |
| <b>Traditional Plan Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Traditional Plan Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Traditional Plan Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| <b>Combined Plan Formula:</b><br>1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30     | <b>Combined Plan Formula:</b><br>1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30     | <b>Combined Plan Formula:</b><br>1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35     |

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

|  | State<br>and Local |
|--|--------------------|
| <b>2019 Statutory Maximum Contribution Rates</b> |                    |
| Employer   | 14.0 %             |
| Employee *                                       | 10.0 %             |
| <b>2019 Actual Contribution Rates</b>            |                    |
| Employer:  |                    |
| Pension  | 14.0 %             |
| Post-employment Health Care Benefits **          | 0.0                |
| Total Employer                                   | 14.0 %             |
| Employee   | 10.0 %             |

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

## Combined Allen County General Health District

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$275,874.51 for the year 2019.

### **Social Security**

Seven members of the Health District's Board of Health contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Health District contributed an amount equal to 6.2 percent of participants' gross salaries. The Health District has paid all contributions required through December 31, 2019.

### **Note 9 – Postemployment Benefits**

#### **Ohio Public Employees Retirement System**

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

## Combined Allen County General Health District

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided.

Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District’s contractually required contribution was \$0 for the year 2019.

### Note 10 – Debt

#### Loans Payable

The Health District’s long-term loan activity for the year ended December 31, 2019, was as follows:

| Loan         | Interest Rate | Outstanding Balance<br>December 31, 2018 | Retired     | Outstanding Balance<br>December 31, 2019 | Due Within<br>One Year |
|--------------|---------------|--|-------------|--|------------------------|
| Building     | 4.67%         | \$ 543,682                               | \$ (37,433) | \$506,249                                | \$ 27,792              |
| Improvements | 5.50%         | \$ 24,359                                | \$ (9,028)  | \$ 15,331                                | \$ 9,547               |
| Total        |               | \$ 568,041                               | \$ (46,461) | \$521,580                                | \$ 37,339              |

The Health District secured a mortgage loan from the Union Bank Company in the amount of \$800,000, bearing interest at 4.67% to complete the purchase and renovation of its office building. The Health District principal and interest payments are due monthly with final payment due July 18, 2030. The loan is collateralized by the property located at 219 E. Market Street, Lima, Ohio.

During 2011, the Health District entered into a loan agreement with the First National Bank for improvements to the Property at 219 E. Market Street. The principal amount of the loan is \$75,000 bearing an interest rate of 6.50% with principal and interest payments due monthly with the final payment due July 29, 2021. This loan although amortized through July 29, 2021, required a balloon payment after 5 years, July 29, 2016. The balloon payment was paid with the proceeds of a new loan secured by the District with First National Bank with a principal amount of the loan \$44,300 bearing an interest rate of 5.50%. The loan is collateralized by the full faith and credit of the Health District.

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The following is a summary of the Health District's future annual debt service requirements.

| Year      | Improvements    |              | Building          |                   |
|-----------|-----------------|--------------|-------------------|-------------------|
|           | Principal       | Interest     | Principal         | Interest          |
| 2020      | 9,547           | 609          | 27,792            | 28,829            |
| 2021      | 5,784           | 107          | 36,000            | 25,768            |
| 2022      |                 |              | 38,060            | 23,708            |
| 2023      |                 |              | 40,238            | 21,531            |
| 2024      |                 |              | 42,483            | 19,286            |
| 2025-2029 |                 |              | 252,064           | 56,777            |
| 2030-2031 |                 |              | 69,612            | 2,451             |
| Total     | <u>\$15,331</u> | <u>\$716</u> | <u>\$ 506,249</u> | <u>\$ 178,350</u> |

### Leases

During 2016, the Health District entered into two agreements for the rental of space for the WIC Division. Both leases were effective August 1, 2016 and terminated September 30, 2017, both leases having the option to extend each lease for (6) consecutive (1) years. In 2019 the health district took the option not to extend both leases for a term of one year, but instead signed an addendum with the lessor with the provision of leasing month to month at the 2019 rate of \$2,393 per month. The Health District signed a Letter of Intent with a new lessor in November 2019 for office space to house the WIC Division located at 2200 Allentown Rd., Lima Oh. The Health District is still in final lease negotiations, but plans to move to the new location in late spring of 2020.

### Office Equipment

In October 2017 the Health District entered into a five-year equipment lease with US Bank. This lease covers two new Konica Minolta bizhubs/copiers and replaces three equipment leases the Health District had entered into previously. Two of the completed lease agreements were with US Bank, and one with Konica. The District leases the equipment under non-cancellable leases. The Final lease payment for the new lease is 2022, with a total lease cost of \$45,000.

The Health District has also entered into two lease agreements with Mail Finance both are for postage meter equipment. The lease for Postage Meter 1 is a five-year lease which was signed April 2018 and ends July 2023. The lease for the Postage Meter 2 is also a five-year lease, and is signed in January 2019, and will end March 2024. District leases the equipment under non-cancellable leases. The leases are for a total cost of \$6,174 and \$11,277 respectively.

Future lease payments for the above leases are as follows:

| Year  | US Bank   | Postage Meter 1 | Postage Meter 2 |
|-------|-----------|-----------------|-----------------|
| Total | \$ 25,500 | \$ 4,214        | \$ 9,129        |
| 2020  | \$9,000   | \$1,176         | \$2,148         |
| 2021  | 9,000     | 1,176           | 2,148           |
| 2022  | 7,500     | 1,176           | 2,148           |
| 2023  | -0-       | 686             | 2,148           |
| 2024  | -0-       | -0-             | 537             |

## Combined Allen County General Health District

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

### Note 11 – Contingencies

- A. Litigation – The Health District is not a party to any litigations.
- B. Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grants may disallow. However, based on prior experience, management believes any refunds would be immaterial.

### Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances                        | General Fund     | Women, Infants<br>and Children<br>Fund | Building<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------|------------------|--|---------------------------------|--------------------------------|--------------------------------|
| <b>Restricted for</b>                |                  |  |                                 |                                |                                |
| Women, Infants and Children          |                  | \$15,594                               |                                 |                                | \$15,594                       |
| Moms and Babies First                |                  |  |                                 | \$19,600                       | 19,600                         |
| Maternal Child Health                |                  |  |                                 | 13,762                         | 13,762                         |
| Food Service                         |                  |  |                                 | 19,977                         | 19,977                         |
| Campground Program                   |                  |  |                                 | 700                            | 700                            |
| Water Program                        |                  |  |                                 | 3,362                          | 3,362                          |
| Creating Healthy Communities         |                  |  |                                 | 15,903                         | 15,903                         |
| Reproductive Health and Wellness     |                  |  |                                 | 16,282                         | 16,282                         |
| Pools/Spa Program                    |                  |  |                                 | 25,695                         | 25,695                         |
| Immunization Action Plan             |                  |  |                                 | 1,695                          | 1,695                          |
| Naloxone Program                     |                  |  |                                 | 21,824                         | 21,824                         |
| Public Health Emergency Preparedness |                  |  |                                 | 5,284                          | 5,284                          |
| DIS/STD Prevention                   |                  |  |                                 | 9,679                          | 9,679                          |
| Sewage Program                       |                  |  |                                 | 16,809                         | 16,809                         |
| HIV/AIDS Prevention                  |                  |  |                                 | 1,967                          | 1,967                          |
| Get Vaccinated                       |                  |  |                                 | 30,833                         | 30,833                         |
| Cribs for Kids                       |                  |  |                                 | 19,739                         | 19,739                         |
| <b>Total Restricted</b>              | <b>\$0</b>       | <b>\$15,594</b>                        | <b>\$0</b>                      | <b>\$223,111</b>               | <b>\$238,705</b>               |
| <b>Committed to</b>                  |                  |  |                                 |                                |                                |
| Sick & Vacation Leave Payout         | \$73,681         |  |                                 |                                | \$73,681                       |
| <b>Total Committed</b>               | <b>\$73,681</b>  | <b>0</b>                               | <b>0</b>                        | <b>0</b>                       | <b>\$73,681</b>                |
| <b>Assigned to</b>                   |                  |  |                                 |                                |                                |
| Future Capital Improvements          |                  |  | 51,184                          |                                | 51,184                         |
| Subsequent Year Budget               | 237,305          |  |                                 |                                | 237,305                        |
| <b>Total Assigned</b>                | <b>237,305</b>   | <b>0</b>                               | <b>51,184</b>                   | <b>0</b>                       | <b>288,489</b>                 |
| <b>Unassigned (Deficits)</b>         | <b>208,908</b>   |  |                                 |                                | <b>208,908</b>                 |
| <i>Total Fund Balances</i>           | <i>\$519,894</i> | <i>\$15,594</i>                        | <i>\$51,184</i>                 | <i>\$223,111</i>               | <i>\$809,783</i>               |

## **Combined Allen County General Health District**

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

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### **Note 13 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Health District. The Health District's investment portfolio and the investments of the pension and other employee benefit plan in which the Health District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Health District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

| <b>FEDERAL GRANTOR<br/>Pass Through Grantor<br/>Program / Cluster Title</b>   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass Through<br/>Entity Identifying<br/>Number</b> | <b>Total Federal<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE<br/>Passed Through Ohio Department of Health</b>                                    |                                    |   |                                       |
| WIC Special Supplemental Nutrition Program for Women, Infants, and, Children  | 10.557                             | WA-12-19<br>WA-13-20                                  | \$ 534,847<br>141,849                 |
| Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children                                     |                                    |   | <u>676,696</u>                        |
| Total U.S. Department of Agriculture  |                                    |   | <u>676,696</u>                        |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES<br/>Passed Through Ohio Department of Health</b>                     |                                    |   |                                       |
| Hospital Preparedness Program (HPP) and Public Health<br>Emergency Preparedness (PHEP) Aligned Cooperative Agreements | 93.074                             | PH-10-19  | 66,612                                |
| Public Health Emergency Preparedness  | 93.069                             | PH-11-20  | 23,781                                |
| Preventive Health and Health Services Block Grant   | 93.991                             | CC-10-19  | 90,776                                |
| Family Planning Services  | 93.217                             | RH-08-19<br>RH-09-20                                  | 18,026<br>41,618                      |
| Total Family Planning Services  |                                    |   | <u>59,644</u>                         |
| Maternal and Child Health Services Block Grant to the States  | 93.994                             | RH-09-20<br>MB-01-19<br>MB-02-20<br>MP-03-19          | 12,839<br>116,324<br>22,431<br>3,650  |
| Total Maternal and Child Health Services Block Grant to the States  |                                    |   | <u>155,244</u>                        |
| Immunization Cooperative Agreements   | 93.268                             | GV-01-19<br>GV-02-20                                  | 30,340<br>39,870                      |
| Total Immunization Cooperative Agreements   |                                    |   | <u>70,210</u>                         |
| OpioId STR  | 93.788                             | IN-01-21<br>IN-01-20                                  | 8,000<br>30,000                       |
| Total OpioId STR  |                                    |   | <u>38,000</u>                         |
| Sexually Transmitted Diseases (STD) Prevention and Control Grants   | 93.977                             | ST-02-19  | 37,769                                |
| HIV Prevention Activities Health Department Based<br>HIV Prevention   | 93.940                             | HP-01-19  | <u>84,127</u>                         |
| Total U.S. Department of Health and Human Services  |                                    |   | <u>626,163</u>                        |
| <b>Total Expenditures of Federal Awards</b>   |                                    |   | <b><u>\$1,302,859</u></b>             |

*The accompanying notes are an integral part of this schedule.*

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Combined Allen County General Health District (the Health District) under programs of the federal government for the year ended December 31, 2019. 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 Health District, it is not intended to and does not present the financial position or changes in net position, of the Health District.

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

**NOTE D - SUBRECIPIENTS**

The Health District did not pass through funds to subrecipients in the year ending December 31, 2019.

**NOTE E - MATCHING REQUIREMENTS**

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

**NOTE F – MEDICAID ADMINISTRATIVE CLAIMING ADJUSTMENTS**

During the calendar year, the Health District received a deferred payment from the Ohio Department of Health (ODH) for the Medicaid program (CFDA #93.778) in the amount \$86,803. The deferred payment was for Medicaid Administrative Claiming (MAC) expenses the Health District incurred in prior reporting periods due to federal funding received by ODH to reimburse these expenses and also due to changes in the Health District's Medicaid Eligibility Rate (MER) for certain activity codes within MAC. This revenue is not listed on the Health District's Schedule of Expenditures of Federal Awards since the underlying expenses are on a cost reimbursement basis and occurred in prior reporting periods.

# OHIO AUDITOR OF STATE KEITH FABER



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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*

Combined Allen County General Health District  
Allen County  
219 East Market Street  
P.O. Box 1503  
Lima, Ohio 45802

To the Members of the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Combined Allen County General Health District, Allen County, (the Health District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated June 17, 2020, wherein we noted the Health District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Health District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Health District'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 Health District's internal control. Accordingly, we have not opined on it.

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

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

***Compliance and Other Matters***

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

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

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

June 17, 2020

# OHIO AUDITOR OF STATE KEITH FABER



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

Combined Allen County General Health District  
Allen County  
219 East Market Street  
P.O. Box 1503  
Lima, Ohio 45802

To the Members of the Board of Health:

### ***Report on Compliance for the Major Federal Program***

We have audited the Combined Allen County General Health District's (the Health District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Combined Allen County General Health District's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Health District's major federal program.

### ***Management's Responsibility***

The Health District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

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

Our responsibility is to opine on the Health District's compliance for the Health District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Health District's major program. However, our audit does not provide a legal determination of the Health District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Combined Allen County General Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

***Report on Internal Control Over Compliance***

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Health District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Health District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 17, 2020

**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2019**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |   |  |
|---------------------|---|--|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unmodified   |
| <b>(d)(1)(ii)</b>   | <b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>      | Yes  |
| <b>(d)(1)(ii)</b>   | <b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No   |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                        | No   |
| <b>(d)(1)(iv)</b>   | <b>Were there any material weaknesses in internal control reported for major federal programs?</b>                    | No   |
| <b>(d)(1)(iv)</b>   | <b>Were there any significant deficiencies in internal control reported for major federal programs?</b>               | No   |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unmodified   |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>  | No   |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | WIC Special Supplemental Nutrition Program for Women, Infants, and Children – CFDA #10.557 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 750,000<br>Type B: all others   |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee under 2 CFR § 200.520?</b>  | No   |

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

**FINDING NUMBER 2019-001**

**Material Weakness – Accuracy of Financial Reporting**

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

**FINDING NUMBER 2019-001  
(Continued)**

As discussed in Governmental Accounting Standards Board (GASB) Statement No. 34, paragraph 452, the primary purpose of the budgetary comparison is to provide information to users who are interested in budgetary compliance about the relationship between (a) actual cash flows of financial resources on the government's budgetary basis and (b) the legally enacted budget.

The following errors were identified in the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund:

- Original appropriations for salary were overstated by \$470,000 and final appropriations for salary were overstated by \$460,000; and
- Original appropriations for benefits were overstated by \$172,530 and final appropriations for benefits were overstated by \$162,030.

The accompanying financial statements have been adjusted to correct these errors.

Other recording errors that were not material to the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund financial statements were identified, but not adjusted in the accompanying financial statements. These errors ranged in amounts from \$5,000 to \$40,000.

The Health District should establish and implement procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

**OFFICIALS' RESPONSE:**

The Director of Finance and Human Resources will further review the Financial Statements and Notes multiple times.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT  
**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**December 31, 2019**

**Finding Number:** 2019-001  
**Planned Corrective Action:** The Director of Finance and Human Resources will further review the Financial Statements and Notes multiple times.  
**Anticipated Completion Date:** 02/28/2021  
**Responsible Contact Person:** Sally L Dray

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# OHIO AUDITOR OF STATE KEITH FABER



**COMBINED ALLEN COUNTY GENERAL HEALTH DISTRICT**

**ALLEN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 14, 2020**