



OHIO AUDITOR OF STATE
KEITH FABER



**SIDNEY-SHELBY COUNTY BOARD OF HEALTH
SHELBY COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Sidney-Shelby County Board of Health
Shelby County
202 West Poplar Street
Sidney, Ohio 45365

To the Member of the Board:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Health District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Health District, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Health District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may 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 Schedules of Ohio Department of Health Federal Grants present additional analysis as required by the Ohio Department of Health and are not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the financial statements. We subjected these schedules to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the 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 24, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2021

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Sidney-Shelby County Board of Health
Shelby County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

| | General | Special Revenue | Totals (Memorandum Only) |
|-------------------------------------------------------|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property Taxes | \$ 487,419 | | \$ 487,419 |
| Subdivision Revenue | 200,000 | | 200,000 |
| Charges for Services | 242,676 | 97,054 | 339,730 |
| Licenses, Permits and Fees | 118,333 | 299,820 | 418,153 |
| Intergovernmental | 740,358 | 171,542 | 911,900 |
| Local Grant Funding | 6,000 | | 6,000 |
| Miscellaneous | 24,275 | 3,858 | 28,133 |
| <i>Total Cash Receipts</i> | <u>1,819,061</u> | <u>572,274</u> | <u>2,391,335</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Health | 1,627,290 | | 1,627,290 |
| Camps | | 7,134 | 7,134 |
| Solid Waste | | 5,030 | 5,030 |
| Pools/Spas | | 5,335 | 5,335 |
| Food | | 94,280 | 94,280 |
| Water | | 28,154 | 28,154 |
| Plumbing | | 73,946 | 73,946 |
| Sewage | | 70,735 | 70,735 |
| HMG- Home Visiting | | 73,183 | 73,183 |
| WIC Grant | | 165,597 | 165,597 |
| Capital Outlay | 56,982 # | | 56,982 |
| <i>Total Cash Disbursements</i> | <u>1,684,272</u> | <u>523,394</u> | <u>2,207,666</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>134,789</u> | <u>48,880</u> | <u>183,669</u> |
| Other Financing Receipts (Disbursements) | | | |
| Advances In | 22,000 | 20,000 | 42,000 |
| Advances Out | (20,000) | (22,000) | (42,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>2,000</u> | <u>(2,000)</u> | <u>0</u> |
| <i>Net Change in Fund Cash Balances</i> | 136,789 | 46,880 | 183,669 |
| <i>Fund Cash Balances, January 1</i> | <u>431,437</u> | <u>209,269</u> | <u>640,706</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 568,226</u> | <u>\$ 256,149</u> | <u>\$ 824,375</u> |

See accompanying notes to the basic financial statements

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Sidney-Shelby County Board of Health

Shelby County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

The Health District's management believes these financial statements present all activities for which the District is financially accountable. The Health District participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Health District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The 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 below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Basis of Accounting

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

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

Sidney-Shelby County Board of Health
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Health District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Health District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Health District and the nonspendable portion of the corpus in permanent funds.

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

Committed The Board can *commit* amounts via formal action (resolution). The Health District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

Sidney-Shelby County Board of Health

Shelby County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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

The 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

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

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,809,700 | \$1,841,061 | \$31,361 |
| Special Revenue | 626,887 | 592,274 | (34,613) |
| Total | \$2,436,587 | \$2,433,335 | (\$3,252) |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,836,400 | \$1,704,272 | \$132,128 |
| Special Revenue | 674,805 | 545,394 | 129,411 |
| Total | \$2,511,205 | \$2,249,666 | \$261,539 |

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Shelby 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.

Sidney-Shelby County Board of Health
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

The County apportions the excess of the Health District's appropriations over other estimated receipts among the townships and municipalities composing the Health 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 intergovernmental revenue.

The County Commissioners serve as a special taxing authority for special levy outside the ten mill limitation to provide the Health District with sufficient funds for health programs. The levy generated \$487,419 in 2020. The financial statements present these amounts as property tax receipts.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2020, consisted of \$20,000 advanced to WIC funds from the general fund to provide working capital for operations or projects.

Note 7 – Risk Management

Risk Pool Membership

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

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

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

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

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

Sidney-Shelby County Board of Health

Shelby County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Contingent Liabilities

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

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Health District. In addition, the impact on the Health District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Health District did not have outstanding encumbrances in any funds.

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

Note 13 – Change in Accounting Principle

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

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Sidney-Shelby County Board of Health
Shelby County

*Schedule of Ohio Department of Health Federal Grants
For the Year Ended December 31, 2020*

| <u>Program Title:</u> | <u>Project #</u> | <u>CFDA#</u> | <u>Disbursements</u> |
|----------------------------------------------|------------------|--------------|----------------------|
| Get Vaccinated Ohio-Public Health Initiative | 07510012GV0220 | 93.268 | \$51,986 |
| Get Vaccinated Ohio-Public Health Initiative | 07510012GV0321 | 93.268 | \$38,736 |
| Public Health Emergency Preparedness | 07510012PH1120 | 93.069 | \$58,725 |
| Public Health Emergency Preparedness | 07510012PH1221 | 93.069 | \$36,807 |
| WIC Administration | 07510011WA1320 | 10.557 | \$130,422 |
| WIC Administration | 07510011WA1421 | 10.557 | \$35,814 |
| Coronavirus Response Supplemental | 07510012CO0121 | 21.019 | \$134,833 |
| Coronavirus Response | 0750012CO0120 | 93.354 | \$59,130 |
| Covid-19 Contact Tracing | 07510012CT0120 | 21.019 | \$122,646 |

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Sidney-Shelby County Board of Health
Shelby County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

| | General | Special Revenue | Totals (Memorandum Only) |
|-------------------------------------------------------|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property Taxes | \$ 484,126 | | \$ 484,126 |
| Subdivision Revenue | 200,000 | | 200,000 |
| Charges for Services | 313,633 | 72,611 | 386,244 |
| Licenses, Permits and Fees | 115,296 | 306,422 | 421,718 |
| Intergovernmental | 297,575 | 198,578 | 496,153 |
| Local Grant Funding | 6,581 | | 6,581 |
| Miscellaneous | 8,001 | 2,967 | 10,968 |
| <i>Total Cash Receipts</i> | <u>1,425,212</u> | <u>580,578</u> | <u>2,005,790</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Health | 1,422,933 | | 1,422,933 |
| Camps | | 7,068 | 7,068 |
| Solid Waste | | 9,661 | 9,661 |
| Pools/Spas | | 10,314 | 10,314 |
| Food | | 110,031 | 110,031 |
| Water | | 26,435 | 26,435 |
| Plumbing | | 79,160 | 79,160 |
| Sewage | | 73,562 | 73,562 |
| HMG- Home Visiting | | 55,698 | 55,698 |
| WIC Grant | | 179,549 | 179,549 |
| Capital Outlay | 1,498 | 3,778 | 5,276 |
| <i>Total Cash Disbursements</i> | <u>1,424,431</u> | <u>555,256</u> | <u>1,979,687</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>781</u> | <u>25,322</u> | <u>26,103</u> |
| Other Financing Receipts (Disbursements) | | | |
| Advances In | 10,000 | 22,000 | 32,000 |
| Advances Out | (22,000) | (10,000) | (32,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(12,000)</u> | <u>12,000</u> | <u>0</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(11,219)</u> | <u>37,322</u> | <u>26,103</u> |
| <i>Fund Cash Balances, January 1</i> | <u>442,656</u> | <u>171,947</u> | <u>614,603</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | | 209,269 | 209,269 |
| Assigned | 174,700 | | 174,700 |
| Unassigned (Deficit) | 256,737 | | 256,737 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 431,437</u> | <u>\$ 209,269</u> | <u>\$ 640,706</u> |

See accompanying notes to the basic financial statements

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Sidney-Shelby County Board of Health

Shelby County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

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

The Health District's management believes these financial statements present all activities for which the Health District is financially accountable. The Health District participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Health District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The 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 below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Basis of Accounting

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

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

Sidney-Shelby County Board of Health
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Health District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Non-spendable The Health District classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

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

Committed The Board can commit amounts via formal action (resolution). The Health District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

Sidney-Shelby County Board of Health

Shelby County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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

The 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019, follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,385,250 | \$1,435,212 | \$49,962 |
| Special Revenue | 635,250 | 602,578 | (32,672) |
| Total | \$2,020,500 | \$2,037,790 | \$17,290 |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,613,500 | \$1,446,431 | \$167,069 |
| Special Revenue | 671,675 | 565,256 | 106,419 |
| Total | \$2,285,175 | \$2,011,687 | \$273,488 |

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Shelby 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.

Sidney-Shelby County Board of Health

Shelby County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

The County apportions the excess of the Health District's appropriations over other estimated receipts among the townships and municipalities composing the Health 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 revenue.

The County Commissioners serve as a special taxing authority for special levy outside the ten mill limitation to provide the Health District with sufficient funds for health programs. The levy generated \$484,126 in 2019. The financial statements present these amounts as property tax receipts.

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2019, consisted of \$22,000 advanced to WIC fund from the General fund to provide working capital for operations or projects.

Note 7 – Risk Management

Risk Pool Membership

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

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

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

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

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

Sidney-Shelby County Board of Health

Shelby County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Contingent Liabilities

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

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Sidney-Shelby County Board of Health
Shelby County

*Schedule of Ohio Department of Health Federal Grants
For the Year Ended December 31, 2019*

| <u>Program Title:</u> | <u>Project #</u> | <u>CFDA#</u> | <u>Disbursements</u> |
|----------------------------------------------|------------------|--------------|----------------------|
| Get Vaccinated Ohio-Public Health Initiative | 07510012GV0119 | 93.539 | \$50,972 |
| Get Vaccinated Ohio-Public Health Initiative | 07510012GV0220 | 93.268 | \$46,136 |
| Public Health Emergency Preparedness | 07510012PH1019 | 93.074 | \$55,604 |
| Public Health Emergency Preparedness | 07510012PH1120 | 93.074 | \$14,816 |
| WIC Administration | 07510011WA1219 | 10.557 | \$151,035 |
| WIC Administration | 07510011WA1320 | 10.557 | \$37,008 |

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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

Sidney-Shelby County Board of Health
Shelby County
202 West Poplar Street
Sidney, Ohio 45365

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Sidney-Shelby County Board of Health, Shelby County, (the Health District) and have issued our report thereon dated June 24, 2021, wherein we noted the Health District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the 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 24, 2021

OHIO AUDITOR OF STATE KEITH FABER



SIDNEY-SHELBY COUNTY BOARD OF HEALTH

SHELBY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/13/2021

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

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